

FEDERAL BUREAU OF INVESTIGATION
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The Attorney General

May 1, 1962

Director, FBI

**BILLIE SOL ESTES
INTERSTATE TRANSPORTATION
OF STOLEN PROPERTY - BRIBERY**

A news item published by United Press International on April 30, 1962, stated in part that the Department of Agriculture would defer a decision on former Assistant Secretary James T. Ralph until the FBI investigation was complete. As you were previously advised, Secretary Freeman was advised telephonically on April 25, 1962, and subsequently by a confirming letter on April 26, 1962, that we have no objection to any action he wanted to take concerning Dr. Ralph. It was also pointed out that any administrative action against Ralph would not interfere with our investigation.

Ralph was one of three Department of Agriculture employees upon whom information was developed to the effect that they have received gifts from Estes. Our investigation into the bribery allegation is completed unless and until there is some evidence of official action by Department of Agriculture employees favoring Estes.

The Department of Agriculture, in compliance with Section 311a, Title 5, U. S. Code, is conducting an administrative review of its files and forwarding the results thereof to the Department of Justice. If there is any material in these reports requiring investigation, such investigation will be requested by the Criminal Division of the Department of Justice. These requests will receive expeditious attention.

MAILED 23

MAY 1 - 1962

COMM-FBI

Secretary Freeman is being advised of the above.

1 - The Deputy Attorney General

1 - Mr. Herbert S. Miller, Jr.
Assistant Attorney General

1 - Mr. DeLoach

1 - Mr. Evans

TWC:ige:jh

(12)

Note cover memo Rosen to Belmont, 5/1/62, TWC:kak.

Tolson _____
Belmont _____
Mohr _____
Callahan _____
Conrad _____
DeLoach _____
Evans _____
Malone _____
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Tele. Room _____
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62 MAY 8 1962 TELETYPE UNIT ☐

Tolson ☒
 Belmont ☒
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 Evans ☒
 Malone ☒
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 Holmes ☐
 Gandy ☐

UPI-123

(ESTES)

WASHINGTON--THE AGRICULTURE DEPARTMENT REPORTED TODAY THAT EVIDENCE IT HAD "TO DATE" INDICATED NO FAVORITISM WAS SHOWN TEXAS FARM TYCOON BILLIE SOL ESTES.

DEPARTMENT SPOKESMEN SAID, HOWEVER, THAT FBI HAD BEEN REQUESTED TO INVESTIGATE SOME DEPARTMENT EMPLOYEES; THAT THE DEPARTMENT STILL WAS LOOKING INTO ESTES' MULTI-MILLION DOLLAR GRAIN STORAGE OPERATIONS, AND THAT INQUIRY INTO ESTES' COTTON OPERATIONS ALSO WAS STILL INCOMPLETE.

RED LEONARD, ASSISTANT TO AGRICULTURE SECRETARY FREEMAN, TOLD REPORTERS THE DEPARTMENT WOULD DEFER A DECISION ON FORMER ASSISTANT SECRETARY JAMES T. RALPH UNTIL THE FBI INVESTIGATION WAS COMPLETE.

"THE EVIDENCE WE HAVE TO DATE ON THE RELATIONSHIP OF BILLIE SOL ESTES WITH THE DEPARTMENT INDICATES THAT NO FAVORS WERE GRANTED NOR WERE ANY SPECIAL PRIVILEGES ACCORDED," LEONARD SAID IN A STATEMENT.

"THE INVESTIGATIONS MADE THROUGH REGULAR SAMPLING TECHNIQUES OF THE GRAIN STORAGE FACILITIES ONCE OWNED OR CONTROLLED BY ESTES SHOWS TO THE SATISFACTION OF THE SPECIALISTS IN THE DEPARTMENT THAT ALL THE GRAIN WE HAVE STORED THERE IS THERE AND IS IN GOOD CONDITION.

"THERE IS NO EVIDENCE OF FAVORITISM IN THE HANDLING OF GRAIN SHIPMENTS TO OR FROM ESTES' ELEVATORS," HE SAID.

THE STATEMENT SAID THAT THE INVESTIGATION OF TRANSFER OF COTTON ALLOTMENTS WAS PROCEEDING. IT ADDED THAT PROCEDURES TO DETERMINE WHETHER TRANSFERS WERE BONA-FIDE WERE BEING APPLIED "CASE BY CASE."

"ANY ALLOTMENTS THAT DO NOT MEET THESE STANDARDS WILL BE CANCELLED," LEONARD SAID.

LEONARD SAID THE DEPARTMENT HAD TURNED ALL ITS RECORDS IN THE CASE OVER TO THE FBI, WHICH HAS AGENTS INVESTIGATING ESTES HERE AND IN TEXAS.

"WE WELCOME THE PRELIMINARY INVESTIGATIONS BY THE MCCLELLAN COMMITTEE...AND ARE COOPERATING FULLY WITH COMMITTEE PERSONNEL," THE STATEMENT SAID.

GEORGE BANRNES, AN ASSISTANT TO FREEMAN, SAID THE DEPARTMENT WOULD NOT INVOKE "EXECUTIVE PRIVILEGE" ON ANY PHASE OF THE ESTES CASE--THAT IS IT WOULD NOT HOLD BACK FROM CONGRESS ANY INFORMATION IT HAD.

ENCLOSURE

Memo Rosen to Belmont 5-1-62 TWC:Kah

Ltr Sec. of Agriculture 5-1-62 TWC:gn

Ltr AG 5/1/62 TWC:gn

REC-116-28704-178

WASHINGTON CAPITAL NEWS SERVICE MAY 4 1962

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LEONARD DISCUSSED DETAILS OF THE "RESIGNATION" OF EMERY E. JACOBS, FORMER DEPUTY ADMINISTRATOR OF THE AGRICULTURE STABILIZATION AND CONSERVATION SERVICE. JACOBS RESIGNED AFTER BEING LINKED WITH A CLOTHES BUYING EXPEDITION WITH ESTES AT AN EXPENSIVE DALLAS DEPARTMENT STORE.

LEONARD SAID FREEMAN CALLED JACOBS HOME FROM A DENVER MEETING AND CONFERRED WITH HIM AT 10:30 P.M. APRIL 12. AS A RESULT OF THAT CONFERENCE, JACOBS AGREED TO QUIT. LEONARD SAID HE ASSISTED JACOBS IN WRITING HIS RESIGNATION LETTER THE NEXT DAY.

LEONARD SAID THE DEPARTMENT HAD ASKED THE FBI TO INVESTIGATE DISCREPANCIES--"SOME THINGS LEFT HANGING"--IN RALPH'S TESTIMONY BEFORE A TEXAS COURT OF INQUIRY. RALPH HAD BEEN LINKED WITH A CLOTHES-BUYING EPISODE WITH ESTES. LEONARD EMPHASIZED THAT RALPH HAD DENIED UNDER OATH ANY WRONG DOING.

JOHN BAGWELL, GENERAL COUNSEL FOR THE DEPARTMENT, REPORTED THAT AN ATTORNEY FOR ESTES TRIED TO GET PERMISSION TO CHANGE COTTON-LAND LEASE-BACK AGREEMENTS SO ESTES COULD QUALIFY FOR 1962 ALLOTMENTS. HE SAID JOHN P. DENNISON, THE LAWYER, BOTH TELEPHONED AND WROTE HIM SOMETIME LAST MONTH. HE SAID HE TURNED DENNISON DOWN.

BAGWELL SAID SO FAR THE DEPARTMENT HAD SENT TO THE JUSTICE DEPARTMENT FOR POSSIBLE CRIMINAL PROSECUTION ONLY ONE PHASE OF THE ESTES CASE. THAT CONCERNED DIFFERENCES IN A NET WORTH STATEMENT FILED BY ESTES WITH THE DEPARTMENT AND ONE PREPARED BY A CERTIFIED PUBLIC ACCOUNTANT. AMOUNTS OF BONDS REQUIRED BY THE DEPARTMENT FOR ESTES GRAIN STORAGE OPERATIONS WERE BASED ON NET WORTH ESTIMATES.

4/30--EG218PES

F B I

Date: 5/1/62

PLAIN TEXT

Transmit the following in _____

(Type in plain text or code)

Via TELETYPE

URGENT

(Priority or Method of Mailing)

Mr. Tolson _____
 Mr. Belmont _____
 Mr. Mohr _____
 Mr. Callahan _____
 Mr. Conrad _____
 Mr. DeLoach _____
 Mr. Evans _____
 Mr. Malone _____
 Mr. Rosen _____
 Mr. Sullivan _____
 Mr. Tavel _____
 Mr. Trotter _____
 Mr. Tele. Room _____
 Miss Holmes _____
 Miss Gandy _____

TO: DIRECTOR, FBI (29-28704) AND SACS DALLAS (58-188),
 EL PASO (29-355), AND NEW YORK, AND NEW ORLEANS (58-169)

FROM: SAC, WFO (87-8242)

BILLIE SOL ESTES, ET AL, BRIBERY; CONFLICT OF INTEREST,
 OFFICE OF ORIGIN, DALLAS.

REWFOTEL TO BUREAU, DALLAS, AND EL PASO, APRIL TWENTYSIX,
 LAST.

ON INSTANT DATE, EDWARD M. LOWEREE, CHIEF, DIVISION OF
 INVESTIGATIONS, UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)
 ADVISED THAT ON APRIL TWENTYSEVEN, LAST, JAMES NAUGHTON,
 COUNSEL FOR THE FOUNTAIN COMMITTEE AND INTER DASH GOVERNMENTAL
 RELATIONS, SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT
 OPERATIONS TELEPHONICALLY ADVISED LOWEREE ON APRIL TWENTYSEVEN,
 LAST, THAT WALTER BERGER, A DIRECTOR OF COMMERCIAL SOLVENTS
 COMPANY, ADDRESS UNKNOWN, WAS FORMERLY HEAD OF THE
 AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE (ASCS)

2 - Bureau
 2 - Teletype Unit
 1 - WFO

AJS:reb
 (5)

REC-116

9 28704-179
15 MAY 4 1962Approved: MWJ RS

Special Agent in Charge

Sent _____ M Per _____

62 MAY 8 1962

CC: Curran

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Date:

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(Type in plain text or code)Via _____
(Priority or Method of Mailing)WFO 87-8242
PAGE TWO

UNDER FORMER SECRETARY OF AGRICULTURE, BENSON. NAUGHTON
STATED THAT ESTES DEFRAUDED ^{BERGER'S} BENSON'S COMPANY FOR LARGE SUMS
OF MONEY. NAUGHTON ALSO ALLEGED THAT COMMERCIAL SOLVENTS
OBTAINED AN ASSIGNMENT FROM THE USDA FOR MONEYS THAT WERE
OWED TO ESTES BY THE USDA. NAUGHTON ALSO STATED THAT JAMES A.
MC CONNELL, ALSO A DIRECTOR OF COMMERCIAL SOLVENTS, WAS HEAD
OF THE ASCS PRIOR TO BERGER. LOWEREE STATED HE DOES NOT KNOW
IF ASCS WOULD HAVE AUTHORITY TO GRANT THESE ASSIGNMENTS AND
HE HAS MADE NO INQUIRY INTO THE MATTER.

LOWEREE ALSO MADE AVAILABLE A COPY OF A SWORN STATEMENT
OF JOSEPH M. ROBERTSON, ADMINISTRATIVE ASSISTANT SECRETARY,
USDA, DATED APRIL TWENTYSIX, SIXTYTWO, WHICH WAS EXECUTED
BEFORE LOWEREE. IN THE STATEMENT, ROBERTSON ADVISED THAT ON
APRIL TWENTYFIVE, SIXTYTWO, WILLIAM E. MORRIS, SUBJECT IN
INSTANT CASE CAME TO HIS OFFICE AT MORRIS' REQUEST TO DISCUSS
SOME PARTICULARLY QUOTE SENSITIVE END QUOTE ASPECTS OF HIS
ASSOCIATION WITH ESTES AND HIS KNOWLEDGE OF THE CASE INVOLVING
ESTES. MORRIS INDICATED TO ROBERTSON THAT THE MATTER
INVOLVED AN ASPECT OF THE CASE THAT HE HAD NOT DISCUSSED WITH

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Special Agent in Charge

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USDA INVESTIGATORS AND INDICATED TO ROBERTSON THAT HE WANTED THE CONVERSATION TO BE UNOFFICIAL AND CONFIDENTIAL IN NATURE AND MORRIS WAS NOT PREPARED TO DISCUSS THE MATTER WITH ANYONE OTHER THAN ROBERTSON OR THE SECRETARY OF AGRICULTURE. MORRIS INDICATED THE MATTER HE WISHED TO DISCUSS HAD IMPORTANT POLITICAL UOVERTONES IN THAT IT INVOLVED A POLITICAL CAMPAIGN AND IMPLIED THAT IT INVOLVED A PERSON OR PERSONS NOT YET IDENTIFIED IN ANY INVESTIGATOR'S RECORDS OR IN THE PUBLIC MEDIA THUS FAR TO HIS KNOWLEDGE. ROBERTSON ADVISED MORRIS HE COULD NOT DISCUSS THE MATTER UNDER THESE STIPULATIONS AND ADVISED MORRIS THAT HE, ROBERTSON, WOULD HAVE TO BE THE SOLE JUDGE REGARDING THE DISCLOSURE OF THE INFORMATION THAT MORRIS WOULD MAKE AVAILABLE TO HIM. ROBERTSON ADVISED THAT MORRIS DID NOT DISCUSS THE QUOTE SENSITIVE END QUOTE MATTER WITH HIM, HOWEVER, MORRIS DID DISCUSS ASPECTS OF THE ESTES CASE THAT WERE INCLUDED, ROBERTSON BELIEVED, IN MORRIS' DOCUMENT QUOTE ANSWER OF WILLIAM E. MORRIS TO CHARGE OF FAILURE TO FOLLOW OFFICIAL INSTRUCTIONS END QUOTE SUBMITTED TO THE USDA BY MORRIS' ATTORNEY. AS PREVIOUSLY

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Special Agent in Charge

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PAGE FOUR

REPORTED, MORRIS, THROUGH HIS ATTORNEY, HAS DECLINED TO
BE INTERVIEWED BY WFO.

LOWEREE ALSO MADE AVAILABLE A COPY OF A STATEMENT MADE
BY MORRIS TO LOWEREE AND LOWEREE [REDACTED]
ON APRIL TWENTYFIVE, SIXTYTWO, IN WHICH STATEMENT MORRIS
ADVISED THAT HE, DR. RALPH, SUBJECT IN INSTANT CASE, AND
ESTES, ON SEPTEMBER EIGHT, SIXTYONE, WERE IN NEIMAN MARCUS
DEPARTMENT STORE IN DALLAS DURING WHICH TIME DR. RALPH TRIED
ON SUITS. MORRIS DID NOT RECALL SEEING DR. RALPH BEING
FITTED FOR ANY SUITS NOR DID HE SEE DR. RALPH TRY ON ANY
SHOES ON THIS DATE.

MORRIS, IN HIS STATEMENT, ALSO ADVISED THAT ESTES, WHEN
IN WASHINGTON FOR A MEETING, DATE NOT MENTIONED, READ A
SPEECH ON QUOTE PROMOTION AND PROTECTION OF THE AMERICAN WAY
OF LIFE IN AGRICULTURE END QUOTE, PREPARED BY DR. RALPH.
ESTES LIKED THE SPEECH AND SENT HIS CHECK FOR TWO HUNDRED
DOLLARS THROUGH THE DEMOCRATIC NATIONAL COMMITTEE TO HAVE
FIFTY THOUSAND COPIES OF THIS SPEECH REPRODUCED. ACCORDING
TO MORRIS, COPIES OF THIS SPEECH WERE DELIVERED TO QUOTE OUR

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Approved: _____ Sent _____ M Per _____
Special Agent in Charge

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PAGE FIVE

OFFICE END QUOTE (ASCS OFFICE) AND THEY WERE SENT OUT WITH VARIOUS COMMUNICATIONS, HANDED OUT TO VISITORS AND OTHERWISE DISTRIBUTED BUT WITHOUT ANY SYSTEMATIC SCHEME OR PLAN.

ACCORDING TO MORRIS, DR. RALPH KNEW THAT THIS SPEECH WAS BEING REPRINTED. MORRIS STATED HE PAID TWENTY OR THIRTY DOLLARS OUT OF HIS OWN POCKET FOR REPRODUCING THE SPEECH AS ESTES' CHECK WAS INSUFFICIENT FOR THAT PURPOSE.

IN HIS STATEMENT, MORRIS REFERRED TO A LETTER REPRINTED IN THE DALLAS MORNING NEWS ON SATURDAY, APRIL TWENTYONE, LAST, WITH THE HEADING QUOTE BILLY END QUOTE WHICH DISCUSSED THE POSSIBLE PURCHASE OF STOCK IN A COAL MINE IN THE STATE OF WASHINGTON FROM H. CARL ANDERSEN, REPRESENTATIVE FROM MINNESOTA. ACCORDING TO MORRIS, ANDERSEN HAD PREVIOUSLY CONTACTED ESTES, HE BELIEVES, IN JANUARY, SIXTYTWO, AND THEREAFTER CONGRESSMAN ANDERSEN ADVISED MORRIS HE HAD RECEIVED A CHECK FOR FIFTEEN HUNDRED DOLLARS FROM ESTES. MORRIS STATED HE HAD NOTHING TO DO WITH ARRANGING THIS TRANSACTION. MORRIS RECALLED THAT CONGRESSMAN ANDERSEN ASKED HIM MANY TIMES WHEN ESTES WAS COMING TO TOWN AND LATER MORRIS MET ANDERSEN FOR LUNCH, AT

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Special Agent in Charge

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WHICH TIME MORRIS MADE NOTES FOR A LETTER ANDERSEN WANTED MORRIS TO WRITE TO ESTES. THIS IS THE LETTER REFERRED TO IN THE ABOVE NEWSPAPER ARTICLE. MORRIS ADVISED HE DELAYED PREPARING THE LETTER UNTIL ANDERSEN ASKED HIM TO GET IT OUT RIGHT AWAY. MORRIS SAID HE SENT THIS LETTER OUT IN EARLY MARCH, SIXTYTWO.

MORRIS SAID THAT ESTES DID NOT RESPOND TO THE LETTER AND THEREAFTER, MORRIS BOUGHT AIRLINE TICKETS FOR ANDERSEN AND HIMSELF WITH HIS OWN FUNDS TO GO TO VISIT ESTES. MORRIS CLAIMS HE WAS ON ANNUAL LEAVE ON DATE HE WENT WITH ANDERSEN TO SEE ESTES AND DR. RALPH ADVISED MORRIS HIS TRIP WAS QUOTE OKAY END QUOTE IF MORRIS WENT ON LEAVE AND TO TEXAS AT HIS OWN EXPENSE. ACCORDING TO MORRIS, ANDERSEN PAID HIM BACK FOR HIS AIRLINE TICKET. MORRIS CLAIMS ESTES GAVE HIM THREE HUNDRED DOLLARS CONSISTING OF THREE ONE HUNDRED DOLLAR BILLS, HOWEVER, MORRIS CLAIMS HE RETURNED ONE HUNDRED DOLLARS TO ESTES AND THEREFORE RECEIVED TWO HUNDRED DOLLARS FOR THE TRIP WHICH MORRIS ESTIMATED WOULD BE CLOSE TO THE COST OF THE TRIP. MORRIS STATED THAT NO OFFICIAL BUSINESS WAS PERFORMED ON

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THIS OCCASION AND IT WAS UNDERSTOOD THAT THE TRIP WAS ENTIRELY PERSONAL.

MORRIS ALSO SET OUT IN THE STATEMENT INFORMATION REGARDING THE FACT THAT HIS WIFE, ALICE MORRIS, WROTE A COLUMN AND ARTICLES IN THE PECOS DAILY NEWS, A PAPER OWNED BY ESTES, WHICH INFORMATION HAS BEEN PREVIOUSLY REPORTED. MORRIS ADVISED THAT HE COLLABORATED WITH HIS WIFE IN THE PREPARATION OF ARTICLES APPEARING UNDER HER NAME IN THIS NEWSPAPER.

CONCERNING THE INFORMATION FURNISHED BY NAUGHTON, COUNSEL FOR THE FOUNTAIN COMMITTEE, THE BUREAU MAY WISH THROUGH LIAISON TO CONTACT NAUGHTON FOR MORE DETAILED INFORMATION CONCERNING INFORMATION THAT NAUGHTON FURNISHED TO LOWEREE ON APRIL TWENTYSEVEN, LAST.

INFORMATION CONCERNING THE COMMERCIAL SOLVENTS COMPANY FURNISHED BY NAUGHTON MAY BE OF INTEREST TO THE EL PASO AND NEW YORK OFFICES IN THE RELATED ESTES INVESTIGATION BEING CONDUCTED CONCERNING ESTES. IT IS BELIEVED THAT THE COMMERCIAL SOLVENTS COMPANY IS LOCATED IN NEW YORK CITY.

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Special Agent in Charge

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FOR THE INFORMATION OF THE DALLAS OFFICE, LOWEREE HAS REQUESTED THAT IN THE EVENT INSTANT CASE INVOLVING USDA EMPLOYEES IS TO BE PRESENTED TO THE FEDERAL GRAND JURY IN DALLAS, HE WOULD APPRECIATE BEING ADVISED PRIOR TO THE DAY OF PRESENTATION TO THE GRAND JURY IN ORDER THAT HE CAN ADVISE SECRETARY OF AGRICULTURE REGARDING THIS FACT. IT IS POINTED OUT THAT LOWEREE HAS BEEN COOPERATIVE WITH WFO IN INSTANT CASE AND DALLAS WILL COMPLY WITH THIS REQUEST UACB.

ESTES REPORTED TO HAVE SUICIDAL TENDENCIES. P

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Special Agent in Charge

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Date: 5/1/62

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(Priority or Method of Mailing)

TO: DIRECTOR, FBI (29-28704)

FROM: SAC, WFO (87-8242) (P)

BILLIE SOL ESTES,
et al
BRIBERY; COI
(OO: DL)

Re WFO airtel 4/30/62.

Enclosed herewith for the Bureau are four copies
of a letterhead memo dated and captioned as above per
request of the Bureau.SAs ANDREW J. SHANNON and [REDACTED]
contacted N. BATTLE HALES on 4/19, 4/20, 4/26 and 4/30/62.
SAs [REDACTED] and CARL E. BENNETT contacted HALES on
4/23/62.

3-Bureau (Encs. 4)

1-WFO

AJS:sal

(4)

AIRTEL

ENCLOSURE

REC-116

29-28704-180
18 MAY 4 1962
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Approved: _____

Sent _____ M Per _____

62 MAY 8 1962 Special Agent in Charge

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to
File No.

WASHINGTON 25, D. C.

May 1, 1962

BILLIE SOL ESTES, et al
BRIBERY; CONFLICT OF INTEREST

Mr. Tolson	_____
Mr. Belmont	_____
Mr. Mohr	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. DeLoach	_____
Mr. Evans	_____
Mr. Malone	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

On April 19, 1962, N. Battle Hales, then Staff Assistant, Office of the Deputy Administrator, State and County Operations, Agricultural Stabilization and Conservation Service (ASCS), United States Department of Agriculture (USDA), was interviewed under oath in his office, room 5606 South Agriculture Building. It was mutually agreed at the end of the interview that Agents would prepare a signed statement and return the next day at which time Hales would read, correct and sign the statement. DC

On April 20, 1962, Agents went to Hales' office to have him sign the sworn statement. However, when Agents arrived at Hales' office, it was ascertained that the records in his office had been removed from his jurisdiction as of the beginning of April 20, 1962, and that he had been officially notified that day that he was transferred to the Defense Services Staff, ASCS. Hales advised that regarding the information he furnished to Agents on April 19, 1962, that he was unable to verify or implement any statement that might have been prepared nor could he furnish the additional information he reportedly had unless he had access to his files. Hales was advised that the FBI had no jurisdiction over the records of the USDA.

It is pointed out that on leaving Hales, Agents contacted [redacted] Secretary of Agriculture, who advised that he understood that Hales had furnished all information in his possession when interviewed on April 19, 1962. He advised that if the FBI wanted to talk to Hales that they were free to do so, and he would see that Hales' files were made available during the interview. He also commented that it would be best if Hales was interviewed and his files made available so that no innuendo would be drawn that

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cc to Dept
5/2/62

TWC

29-28704-180

ENCLOSURE

RE: BILLIE SOL ESTES

the USDA was trying to cover up any irregularities. Agents advised [] that the FBI was aware that the files were under the jurisdiction of the USDA.

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On April 23, 1962, Hales was again contacted by Washington Field Office Agents at which time he advised that his position was the same, and he could not sign a statement prepared on information furnished on April 19, 1962, and could furnish no additional information he reportedly had until he had access to the records in his office. However, on April 25, 1962, Hales telephonically contacted the Washington Field Office and advised he was ready to sign the statement and that he had additional information to include in the statement.

On April 26, 1962, Agents contacted Hales in his new office, room 5088, South Agriculture Building, where he is assigned to the Defense Services Staff, ASCS. Hales at this time read, corrected and signed the statement, incorporating the results of his interview on April 19, 1962, with minor changes. The contents of the statement are essentially the same as furnished by Hales as set forth on page 66 of the report of Special Agent (SA) Andrew J. Shannon dated April 23, 1962, at Washington, D. C., in this case.

During the interview on April 26, 1962, Hales made available information which he had typed up and desired to add to his statement. This information typed up by Hales consisted mainly of administrative material concerning Hales' contacts with USDA officials in an effort to make information in his files concerning the Estes cotton allotment case available to Secretary of Agriculture, as well as his contacts with Washington Field Office Agents, the Special Agent in Charge and Assistant Special Agent in Charge of the Washington Field Office regarding the removal of his files from his jurisdiction, and events which occurred at the time he was deprived of the jurisdiction of his files by the USDA.

Washington Field Office Agents pointed out that this information was of an administrative nature, however, reviewed and corrected the typed material with him and it was agreed upon the insistence of Hales that

RE: BILLIE SOL ESTES

this material should also be set forth in a signed statement, as Hales felt it was pertinent to the information furnished on April 19, 1962.

On April 30, 1962, Hales read, corrected, and signed the statement containing the above-mentioned administrative data. However, at the end of the statement, he added this sentence:

"However there were additional documents relating to the Estes cotton pooled allotment case which I had intended making available to Agents Shannon and [redacted] but which I was denied the opportunity to do so when the files were denied to me by USDA officials."

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Hales described these documents as:

1. USDA General Counsel's opinion dated December 15, 1961, verifying Hales' judgment that Estes' case was a criminal violation and should have been referred to the Department of Justice.
2. Memorandum dated January 31, 1962, from Emery E. Jacobs, former Deputy Administrator, State and County Operations, ASCS, to Texas, Oklahoma, and Georgia State Chairmen, which memorandum enclosed certificate to be executed by "buyers" of allotments or sellers of land in cotton pooled allotment cases.
3. Interoffice memorandum from Hales to Jacobs dated February 14, 1962, in the Dill and White case, (details of this case set forth in the report of SA Andrew J. Shannon dated April 23, 1962, pages 135-137) in which memorandum Hales pointed out nothing could be done in Dill and White case administratively until determination was made with Estes pooled cotton allotment case.
4. Hales' memorandum requesting investigation by Investigation Division, ASCS, concerning circumstances surrounding signing of false chattel mortgages. These involved three ASCS county committee chairmen in Reeves County, Texas.

RE: BILLIE SOL ESTES

Hales also stated that there were possibly other pertinent documents in the files.

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

ALL OFFICES

Complete pending investigation in order that facts developed may be fully evaluated and basis for further action determined.

ADMINISTRATIVE

Bureau has been advised previously of contemplated interview with FRANK CAIN, Attorney for Pacific Finance Company, who testified recently before Texas Attorney General WILL WILSON's Court of Inquiry, Dallas, 4/20/62, relative to statements of ESTES regarding payoffs. Mr. CAIN was interviewed on 4/23/62, but time did not permit on that occasion for completion of interview and taking of signed statement under oath. Mr. CAIN has been unavailable to date for completion. Full details of interviews with him will be included in a supplemental report at an early date.

Bureau attention directed to interview with LEE ROGERS WANNER, USDA, Dallas, Pages 52 and 53, report of SA MANNING C. CLEMENTS 4/20/62 at Dallas, interview of [redacted] Texas, Page 53a of same report, and interview with [redacted] USDA, Amarillo, Texas, included herein relative to allegations against a USDA employee [redacted] Texas, has not been available to date for interview in this regard. Results will be furnished in supplemental report.

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Copies of the following reports which did not designate copies to USA, Ft. Worth, Texas, are being furnished to the USA by separate communication:

SA [redacted]
SA [redacted]
SA ROY J. BARLOGA, 4/20/62, San Francisco
SA DONALD L. HUGHES, 4/23/62, New Orleans
SA ANDREW J. SHANNON, 4/23/62, Washington Field.

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Overlap in investigative period of this report with the period of referenced Dallas report is occasioned by inclusion herein of FD-302's reflecting interviews with [redacted] by Houston Office, and interview with [redacted] USDA, Amarillo, Texas, results of which did not reach Dallas Office in time for inclusion in rerep.

DL 58-188

Copies of charges of subject ESTES to his Carte Blanche credit card account were forwarded to Dallas with report of SA [REDACTED] /20/62, Los Angeles. Examination is being made of such charges, it being noted the reproduced copies are rather indistinct in most instances and reflect only limited information as to the nature of the charges. Bureau will be advised if it appears investigation in this regard is warranted.

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It has been understood to date that reports of hearings of Texas Attorney General WILL WILSON have not been transcribed. Effort will be made to obtain copies of such transcripts, when available, at no cost to Bureau.

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, Ft. Worth, Texas
1 - USA, El Paso, Texas

Report of: MANNING C. CLEMENTS
Date: May 1, 1962

Office: DALLAS

Field Office File No.: 58-188

Bureau File No.: 29-28704

Title: BILLIE SOL ESTES; DR. JAMES T. RALPH,
Assistant Secretary of Agriculture, U. S.
Department of Agriculture, Washington, D. C.;
WILLIAM E. MORRIS, Administrative Assistant
to Assistant Secretary of Agriculture, Washington,
D. C.; EMERY E. JACOBS, Former Deputy Administrator;
Agricultural Stabilization and Conversation Service,
U. S. Department of Agriculture, Washington, D. C.

CHARACTER: BRIBERY, CONFLICT OF INTEREST

SYNOPSIS:

Name of [REDACTED] ASCS,
USDA, Washington, D. C., deleted from title in
absence of allegations against him. Dr. RALPH
reportedly appeared as witness at Court of Inquiry,
conducted 4/20/62, Dallas, Texas, by Texas AG, and
denied purchases at Neiman-Marcus Store charged to
ESTES account; employees of store, after personally
viewing RALPH, state no question he is person whose
purchases, 9/1961, were charged to ESTES. State
ASCS officials, College Station, Texas, furnished
formula for cotton acreage allotments and figures
as to ESTES' allotments; state no efforts by USDA
employees to obtain preferential treatment for
ESTES. USDA employees, Dallas, furnished formula
for calculation of warehouse bonds, state bonds of
ESTES and competitors figured on same basis; details
of ESTES' bonds and comparative figures for com-
petitors set out. USDA employee, Amarillo, Texas,
furnished details of information given to him by
Groom, Texas, warehouseman regarding payoff to USDA
employee. Dallas, not further identified. [REDACTED]
[REDACTED] ESTES of warehouse, Hereford, Texas,
declined interview pending advice of counsel. ESTES
MAY HAVE SUICIDAL TENDENCIES.

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- P. -

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DETAILS:

AT DALLAS, TEXAS:

Texas Attorney General ~~WILL~~ WILSON in an envelope postmarked April 23, 1962, forwarded to the Dallas FBI Office a copy of a letter addressed by him to the Honorable ORVILLE FREEMAN, Secretary of Agriculture, which reads as follows:

"Dr. James T. Ralph, formerly an Assistant Secretary of the Department of Agriculture and now in training for the position of Agricultural Attache for the Phillipines, testified Friday, April 20, in Dallas at the court of inquiry delving into the activities of Billie Sol Estes.

"We thought it advisable that you be furnished a brief resume of the testimony concerning Dr. Ralph's relationship with Billie Sol Estes, in order that you may take appropriate action."

"Dr. Ralph testified that during his visit to Dallas, September 7-9, 1962, he and his assistant, William E. Morris, decided to take a sightseeing stroll. Mr. Billie Sol Estes, who was staying at the Sheraton, the same hotel in which Dr. Ralph and Morris were staying, accompanied them.

"According to Dr. Ralph, Mr. Estes suggested that the three of them visit Neiman-Marcus Department Store. Dr. Ralph states that Mr. Estes guided them into the men's clothing department, where, pursuant to Estes' insistent urgings, Dr. Ralph tried on 'two or four' suits.

"Dr. Ralph stated that he did not purchase any of the suits, did not authorize Mr. Estes to purchase them for him, and has not seen the suits since the date in question. Dr. Ralph did admit that two of the suits were fitted to him; i.e., he went into the fitting room and a person with chalk and measuring tape marked the suits for alteration.

"Dr. Ralph unequivocally asserted that he never purchased anything from Neiman-Marcus, that he has received no gifts whatsoever from Billie Sol Estes, and that the foregoing was the extent of his transactions with Neiman-Marcus.

"However, when his attention was specifically directed to a subsequent transaction, Dr. Ralph admitted to having visited Neiman-Marcus on October 24, 1961, for the purpose of exchanging two shirts. The shirts exchanged were priced at \$16.95 each. Dr. Ralph had previously stated that he personally wore shirts in the price range of \$3.00 to \$8.95. When shown a ticket reflecting a purchase of shirts by Billie Sol Estes on the date he and Mr. Estes had previously visited Neiman-Marcus, Dr. Ralph disavowed that he had received any shirts covered by the ticket, and denied any knowledge of the purchase transaction, although the shirts shown to have been purchased were also priced at \$16.95.

"To explain the 'exchange' of the shirts on October 24, Dr. Ralph stated that his father-in-law had mysteriously received two shirts by mail from 'a Mr. Wilson' in Dallas. Dr. Ralph asserted that it was these two \$16.95 shirts that he exchanged at Neiman-Marcus on October 24 for five cheaper ones. He said that neither he nor his father-in-law knew 'Mr. Wilson' and did not know why they were receiving shirts from him. Dr. Ralph did not comment on the fact that the shirts were being 'exchanged' rather than returned.

"The only reason that Dr. Ralph gave for exchanging the shirts was that they were made of the 'wrong type of fabric or cloth'.

"An inconsistent aspect of this exchange transaction is that the exchange ticket in Neiman-Marcus records showed that the shirts were exchanged because they were the 'wrong color'.

"After Dr. Ralph left the stand three members of the Neiman-Marcus sales staff testified.

"Mr. Bob Watson, men's clothing salesman, said that he remembered the visit of Dr. Ralph and Billie Sol Estes late in the afternoon of September 8, 1961. He positively identified Dr. Ralph.

"Watson said that he personally served Estes and Ralph and sold the two suits in question. Watson said that the two suits which Dr. Ralph tried on were fitted to him,

"and that Neiman-Marcus did not mark suits for alteration and fit them to the customer until the sale had been consummated. He said there was no indication by either Mr. Estes or Dr. Ralph that the suits were unwanted or that the sale was not completed.

"Watson testified that the two suits which were fitted to Dr. Ralph and altered accordingly, were billed to Billie Sol Estes, and were ordered sent to Billie Sol Estes in care of the Washington Hotel, Washington, D. C. He further stated that at the time of purchase he was instructed by Billie Sol Estes not to put the name of the recipient of the suit inside the coat pocket as would ordinarily have been done.

"Documentary evidence reflecting the sale, alteration, instruction to omit the name, and the shipment of the suit to Billie Sol Estes in Washington was introduced and is available for your consideration.

"Mr. Gene Johnson, a shoe salesman for Neiman-Marcus, testified that during the visit of Ralph and Estes to Neiman-Marcus on September 8, he fitted two pairs of alligator shoes to Dr. Ralph. According to Johnson, Dr. Ralph stated that he did not want the alligator shoes. Two pair of less expensive calf shoes were then brought to Dr. Ralph and fitted to him. Dr. Ralph indicated the latter shoes were satisfactory.

"The two pairs of shoes priced \$36.95 per pair, were billed to Billie Sol Estes, and delivered to the Sheraton Hotel, where both Billie Sol Estes and Dr. Ralph were staying. The shoes were 9-B, which Johnson said is an interchangeable size with 8½-C. Dr. Ralph had earlier testified that his shoe size was 8½-C. Mr. Estes wears 10½-D.

another Neiman-Marcus men's clothing salesman, testified that he saw Dr. Ralph in the company of Billie Sol Estes, that Dr. Ralph tried on the two suits in controversy, and that Dr. Ralph went into the fitting room for the purpose of having the suits marked for alteration. An extensive examination of the records of Neiman-Marcus does not reveal that any of the merchandise purchased on September the eighth and paid for by Billie Sol Estes has been returned.

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"The purpose of a court of inquiry is not to arrive at any judgment or conclusion, but simply to gather evidence to be used by this office, and by any grand juries considering criminal action. However, there were definite conflicts between the testimony of Dr. Ralph and the Neiman-Marcus personnel. Certain portions of Dr. Ralph's testimony are implausible.

"The Neiman-Marcus salesmen have no reason to give false or slanted testimony; whereas Dr. Ralph obviously has very much at stake.

"In my judgment the weight of the evidence is that Dr. Ralph accompanied Estes to the store, had two suits and two pair of shoes fitted to him, and departed with Estes. Subsequently, the suits were altered and mailed to Estes in Washington, D. C. Estes lives in Pecos, Texas and Dr. Ralph works in Washington. The shoes were delivered to the hotel. At the same time Estes bought six shirts costing \$16.95 apiece and several very expensive ties. About a month later Dr. Ralph exchanged the \$16.95 shirts for the cheaper shirts and gives an implausible explanation.

"It is my opinion that these facts will support a finding that Dr. Ralph was given the clothing by Estes."

The "Dallas Times Herald" newspaper, issued of April 20, 1962, reported the testimony of Dr. Ralph as summarized in the above letter, and reported that WILLIAM E. MORRIS, although invited to appear and testify, had not appeared, that EMERY E. JACOBS had reportedly advised Attorney General WILSON he would be unable to appear because of a previous engagement.

The above-mentioned newspaper further reported that ~~FRANK CAIN~~, Dallas attorney, who represents ~~Pacific Finance Company~~, a concern which had reportedly purchased fictitious chattel mortgages generated by ESTES; had testified as to conversations with ESTES. ESTES has reportedly stated to CAIN that his commitments required \$100,000 to \$200,000 in payoffs "to keep up his contacts for his agricultural program". CAIN reportedly testified he had been present when ESTES received a telephone call from a man identified to CAIN as "JAMIE WHITTEN", that ESTES had commented concerning this man, "he really gets the job done on appropriations and Agricultural programs". CAIN further related that following this conversation, he, CAIN, said,

"That was the payoff wasn't it?", to which ESTES agreed. The newspaper article stated Congressman JAMIE WHITTEN, Chairman of the House Agricultural Appropriations Committee, had been contacted by their Washington Bureau and had denied any business with ESTES, stating he had met ESTES through Texas colleagues.

On April 23, 1962, FRANK CAIN, Attorney, 830 Mercantile Bank Building, was interviewed briefly by SAs MANNING C. CLEMENTS and [redacted] at which time he stated he had testified in substance as indicated in newspaper accounts, that he had to leave the city prior to completion of interview, but would furnish a signed statement as to his conversations with ESTES when his commitments permitted. Full details of interview and Mr. CAIN's statement will be reported subsequently.

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The Lubbock "Avalanche-Journal" newspaper, issue of April 20, 1962, reporting results of a hearing conducted by Texas Attorney General Wilson in Lubbock on April 19, 1962, quoted Mr. WILSON as stating that ESTES was able to rapidly expand his grain storage facilities on the South Plains because "the formula applied to others" in setting warehouse bond requirements was not applied to ESTES.

Dallas newspapers recently carried articles inferring a special grand jury had been called in the Northern District of Texas to look into matters affecting BILLIE SOL ESTES. U. S. Attorney H. BAREFOOT SANDERS has advised a special grand jury impaneled on April 23, 1962, was for the purpose of hearing testimony in another matter, not connected with ESTES.

FEDERAL BUREAU OF INVESTIGATION

Date 4/27/62

Recordak-film records of Neiman-Marcus, Main and Ervay, Dallas, Texas, were reviewed to obtain full details as to the nature of payments supporting credit entries against the account maintained at that store in the name of "MR. BILLY SOL ESTES, Box 1052, Pecos, Texas," as follows:

<u>Amount of Payment</u>	<u>Date Received</u>	<u>Description</u>
\$ 951.00	3/3/61	Check No. 990 Dated 2/17/61 of "BILLIE SOL ESTES. by [redacted] [redacted] drawn on First National Bank, Pecos, Texas
277.55	3/23/61	Check No. 1658 Dated 3/23/61 of "BILLIE SOL ESTES. by [redacted] [redacted] on First National Bank, Pecos, Texas
3,375.00	5/19/61	Check No. 2870 Dated 5/18/61 of "BILLIE SOL ESTES. by [redacted] [redacted] on First National Bank, Pecos, Texas
175.09	6/22/61	Check No. 3592 Dated 6/20/61 of "BILLIE SOL ESTES. by [redacted] [redacted] on First National Bank, Pecos, Texas

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by Special Agent SA GASTON C. THOMPSON/prn

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\$ 14.25

9/7/61

Check No. 5292
Dated 9/5/61 of
"BILLIE SOL
ESTES, by [redacted]
[redacted] drawn on
First National
Bank, Pecos, Texas

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* 599.91

9/7/61

Cash - Evidenced
by cash receipt
No. F 17805 dated
9/7/61 in favor of
"BILLIE SOL ESTES,
Box 1051, Pecos,
Texas"

1,803.04

10/23/61

Check No. 6337
Dated 10/19/61 of
"BILLIE SOL ESTES,
by (illegible)"
on First National
Bank, Pecos, Texas

557.12

11/28/61

Check No. 7056
Dated 11/27/61 of
"BILLIE SOL ESTES,
by (illegible)"
on First National
Bank, Pecos, Texas

1,501.77

1/30/62

Check No. 8516
Dated 1/24/61 of
"BILLIE SOL ESTES,
by [redacted]
on First National
Bank, Pecos, Texas

- * The \$599.91 cash payment received 9/7/61 covered purchases charged to and sent to ESTES under dates of 8/7 and 26/61.

FEDERAL BUREAU OF INVESTIGATION

Date 4/27/62

ROBERT BOYD (BOB) WATSON, Salesman, Clothing Department, Neiman-Marcus, residence 7230 West Lake, both Dallas, Texas, was interviewed under oath concerning his personal observation of DR. JAMES T. RALPH, Assistant Secretary of Agriculture, United States Department of Agriculture, Washington, D. C.

WATSON advised he personally observed DR. RALPH on the Shopper's Bus en route to a State Court of Inquiry held by Texas Attorney General, Dallas, Texas, April 20, 1962. He added he also personally observed DR. RALPH during the course of his appearance on the witness stand at the above Court of Inquiry held before Justice GLENN W. BYRD, Dallas, Texas.

WATSON stated there is no question about DR. RALPH being the individual who accompanied BILLIE SOL ESTES, along with a third individual believed to be WILLIAM E. MORRIS, Assistant to RALPH, to the clothing department of Neiman-Marcus on September 8 or 9, 1961, at which time RALPH was fitted and alteration tickets were made on two Oxford suits, size 41 regular, priced at \$245 and \$260 respectively.

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by Special Agent SA GASTON C. THOMPSON/prn

FEDERAL BUREAU OF INVESTIGATION

Date 4/27/62

[redacted]
[redacted] Neiman-Marcus, residence [redacted]
[redacted] Texas, was interviewed under oath concerning his personal observation of DR. JAMES T. RALPH, Assistant Secretary of Agriculture, United States Department of Agriculture, Washington, D. C.

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[redacted] advised he personally observed DR. RALPH on the Shopper's Bus en route to the Dallas County Court House on April 20, 1962, and later the same day at a State Court of Inquiry held before Justice GLENN W. BYRD, Dallas County, Texas at which inquiry DR. RALPH appeared as a witness.

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[redacted] stated there is no question in his mind about DR. RALPH being the individual for whom salesman BOB WATSON fitted two size 41 Oxford suits and for whom salesman GENE JOHNSON fitted two pair of shoes at Neiman-Marcus, Dallas, in the early fall of 1961, on which occasion RALPH was accompanied by BILLIE SOL ESTES of Pecos, Texas, and a third individual believed by him [redacted] to be identical with the subject in a photograph of WILLIAM E. MORRIS, Assistant to RALPH.

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b7CFile # EP 29-351
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Date 4/27/62

[redacted] Department, Neiman-Marcus; residence 3842 Lenel, both Dallas, Texas, was interviewed under oath concerning his personal observation of DR. JAMES T. RALPH, Assistant Secretary of Agriculture, United States Department of Agriculture, Washington, D. C.

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[redacted] stated he personally observed DR. RALPH on April 20, 1962 while on the Shopper's Bus en route from Neiman-Marcus to the Dallas County Court House, and later the same day when RALPH appeared as a witness before a Court of Inquiry held by Texas Attorney WILL WILSON before Justice GLENN W. BYRD, Dallas, Texas. [redacted] stated there is no question in his mind but that DR. RALPH is the individual for whom salesman BOB WATSON fitted two size 41 Oxford suits, Neiman-Marcus, during the early fall of 1961. He advised that on the same occasion RALPH was fitted for the two size 41 suits, RALPH tried on a Vicuna topcoat, which topcoat RALPH did not take. [redacted] recalled that on the above occasion RALPH was accompanied by BILLIE SOL ESTES of Pecos, Texas.

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FEDERAL BUREAU OF INVESTIGATION

Date 4/27/62

EUGENE D. (GENE) JOHNSON, Salesman, Shoe Department, Neiman-Marcus, residence 8747 Reva Street, both Dallas, Texas, was interviewed under oath concerning personal observation of DR. JAMES T. RALPH, Assistant Secretary of Agriculture, United States Department of Agriculture, Washington, D. C.

JOHNSON advised he personally observed DR. RALPH on April 20, 1962, at a State Court of Inquiry held before Justice GLENN W. BYRD, Dallas, Texas. He advised to the best of his knowledge DR. RALPH is the person for whom he fitted two pair of calf-skin shoes at Neiman-Marcus, Dallas, on September 8, 1961, and covered by sales ticket No. 63180-21 dated September 8, 1961, in the total amount of \$75.38, which sales ticket was charged to the account of "MR. BILLY SOL ESTES, Box 1052, Pecos, Texas" at Neiman-Marcus.

JOHNSON volunteered the shoes fitted to DR. RALPH were Nettleton (brand), double-sole shoes, one pair being black and one pair being brown in color, priced at \$36.95 per pair. He advised the shoes in question were size 9B with five eyelets and moccasin type toes, which were hand stitched. He said this particular Nettleton shoe had attached a heel which was part leather and part rubber.

JOHNSON advised that each two shoes of a particular pair of Nettleton shoes bares a "lining number", which is applicable to only that particular pair of shoes. He stated Neiman-Marcus does not maintain a record of lining numbers of shoes sold by that store. He was unable to state whether or not the Nettleton factory, Syracuse, New York, maintained any record of lining numbers in regard to shipments of shoes to Neiman-Marcus, Dallas.

JOHNSON made available a small pamphlet containing a facsimile of the type of shoes fitted by him to DR. RALPH on September 8, 1961.

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by Special Agent SA GASTON C. THOMPSON/prn

Date 4/19/62

[redacted]
[redacted] ASCS, U. S. Department of
Agriculture, College Station, Texas, furnished the following
information:

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BILLIE SOL ESTES operates farms under ASCS supervision in Reeves and Pecos Counties, Texas, and is not known to operate such farms in other counties or in other states.

[redacted] advised that concerning the exact system of awarding allotments for cotton production it is noted that the National Acreage Allotment is the number of acres needed to produce a stated amount of cotton, but under the present law it may not be less than sixteen million acres. The National Cotton Allotment (CA) is then divided among the states producing the crop, the state allotments are divided among the counties, and the county allotments among cotton producing farms. Each local county ASCS committee then determines the individual farm CA on the basis of previous years allotment and the use made thereof according to the below outlined current procedures.

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1. An allotment base is determined for each eligible farm (a) if as much as seventy five percent of the previous year allotment was planted to cotton, then the previous year allotment becomes the farm base for the current year. (b) If less than seventy five percent of the previous year allotment was planted to cotton, then the average of the previous year allotment and the acres planted becomes the farm base for the current year.

2. The total of farm bases is divided into the adjusted county allotment to obtain an allotment factor.

3. The farm bases are then factored to equal the adjusted county allotments. Such computed allotments are called indicated allotments.

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4. Acres from the county reserve may be used to adjust indicated allotments as needed to provide similar allotments for similar farms and to prevent inequities or hardships.

5. The indicated allotment, plus any adjustment from the county reserve, becomes the original allotment for the farm.

6. Allotments may be released and reapportioned by request of producers on prescribed farms and within time limits set by the state committee.

7. The original farm allotment minus allotment released or plus released allotment reapportioned to the farm becomes the effective farm allotment for the current year.

[] advised that the following is the Upland CA data involving BILLIE SOL ESTES in Reeves County, Texas and represents a consolidation of allotments for many farms owned by ESTES under his name as well as his known company's names in this county. These series of figures will represent the year, the CA for ESTES, and the CA for Reeves County, respectively:

<u>YEAR</u>	<u>CA FOR ESTES</u>	<u>CA FOR REEVES COUNTY</u>
1954	1,749 acres	42,079 acres
1955	1,393 acres	49,746 acres
1956	1,788 acres	50,002 acres
1957	1,827 acres	52,206 acres
1958	1,861 acres	53,293 acres
1959	1,899 acres	50,071 acres
1960	1,677 acres	48,068 acres
1961	3,600 acres (Includes 1,805 acres eminent domain cotton)	55,973 acres
1962	1,610 acres	58,556 acres

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[] advised the below series of figures do represent the year, the CA for ESTES, and the CA for Pecos County, respectively:

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(It is noted ESTES had no CA until 1958 at which time he purchased the Seale Estates in Pecos County.)

<u>YEAR</u>	<u>CA FOR ESTES</u>	<u>CA FOR ^{PECOS} REEVES COUNTY</u>
1958	617 acres	23,948 acres
1959	518 acres	21,128 acres
1960	497 acres	20,283 acres
1961	1,903 acres (Includes 1,318 acres Eminent Domain cotton)	24,352 acres
1962	601 acres	26,286 acres

With regard to the CA in Pecos County, [] advised that ESTES [] had the following CA:

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<u>YEAR</u>	<u>CA FOR</u> []
1957	402 acres
1958	358 acres
1959	287 acres
1960	265 acres
1961	319 acres
1962	316 acres

[] informed that Dr. JAMES T. RALPH, WILLIAM E. MORRIS, EMERY E. JACOBS, [] or other U. S. Department of Agriculture employees did not intercede for ESTES at College Station, Texas, nor offer gifts or bribes for preferential treatment.

FEDERAL BUREAU OF INVESTIGATION

Date 4/19/62

✓
[redacted] U. S.
Department of Agriculture, College Station, Texas, corroborated
the information furnished by [redacted]

[redacted] advised that Dr. JAMES T. RALPH, WILLIAM
E. MORRIS, EMERY E. JACOBS, [redacted] or other
U. S. Department of Agriculture employees did not intercede
for ESTES at College Station, Texas, nor offer gifts or bribes
for preferential treatment.

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b7CFile # HO 58-111on 4/18/62 at College Station, Texas Date dictated 4/18/62by Special Agent SA [redacted] /dr/rmbb6
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FEDERAL BUREAU OF INVESTIGATION

Date 4/30/62

CLARENCE HILARY MOSELEY, Director, Dallas Commodity Office, Agricultural Stabilization and Conservation Service (ASCS), advised he had on April 17, 1962, furnished certain figures to Special Agents of the FBI reflecting occupancy in ESTES warehouses on March 31 and April 1, 1962, with comparative figures as to occupancy in warehouses of competitors. He stated on the basis of additional calculations, he wished to resubmit such figures, amended in some instances, and additional figures as follows:

Prior to takeover (April 1), the six ESTES warehouses were 43.4 percent filled with CCC-owned wheat and milo, while the average of Texas houses, excluding port elevators, was 48.6 percent. Thus, ESTES occupancy was 5 percent below the state average. At the same time, the ESTES house in Plainview, Texas, was 39.4 percent filled with CCC grain and other Plainview houses were 51 percent filled, Amarillo houses averaged 57.3 percent and Lubbock 61.9 percent. After takeover, occupancy of the six ESTES houses rose to 58.3 percent, while the state average became 62.9 percent. Thus, ESTES occupancy was still 4.6 percent below the state average.

Mr. MOSELEY restated that since ESTES began warehouse operations, some 283 million bushels of grain have been moved into this area from other producing states. During the same period, 9,969,000 bushels have been moved into ESTES warehouses, while 7,177,000 bushels have been moved out of the same houses, a net gain to ESTES of 2,792,000 bushels or 5 percent of his present capacity.

Mr. MOSELEY stated that a press release had been issued by the U. S. Department of Agriculture on April 19, 1962, a copy of which was furnished to interviewing Agent, which sets forth information supplied by his office in Dallas as to so-called "State licensed" warehouses, as well as information relating to those licensed under the U. S. Warehouse Act, which are administered in part by U. S. Warehouse Branch, Agricultural Marketing Service, Wichita, Kansas, under the direction of Mr. O. P. WARREN, whose superior in Washington, D. C. is Mr. CARL MILLER. Mr. MOSELEY, in answer to questions as to the formula by which ASCS arrives as to the amount of bond required for "State

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licensed" warehouses, advised he feels the press release states rather succinctly the details of such formula. The press release is quoted below:

"In connection with questions raised in Lubbock, Texas, today at an inquiry into the affairs of Billie Sol Estes, the Department tonight issued the following statement clarifying the procedure followed in determining the amount of bond required of warehousemen whose facilities are used for the storage of grain and the decisions of the Department relating to bond required of Mr. Estes.

"The Department of Agriculture, through the U. S. Warehouse Act and the Uniform Grain Storage agreement, designates those elevators to which farmers may ship grain for storage under loan. The selection of the elevator is determined by the individual farmer.

"The Government requires that bonds be furnished by elevators where grain will be stored under loan.

"The statement that follows explains in detail the procedure which is used in determining the amount of those bonds, particularly as it relates to the grain storage facilities of Billie Sol Estes.

"Most of the grain held in these warehouses has been placed there at the choice of the individual farmer. A small percentage of the grain currently in those warehouses has been placed there under the regular reconcentration program of opening up space for new crop grain and for shipment to foreign markets.

"In view of the allegation that Estes' warehouses were given favorable treatment, the percentage of capacity filled with CCC owned grain is worth noting. Prior to the normal March 31 takeover, the six Estes houses were 43.4 percent filled with CCC-owned grain while the average of Texas warehouses, excluding port elevators, was 48.6 percent.

"After including the estimated takeover, the occupancy of the six Estes' houses rose to 58.3 percent while the state average rose to 62.9 percent, based on fiscal records.

"In the Plainview, Texas, area, where Estes' major storage facilities are located, his elevator was 39.4 percent filled while the other Plainview warehouses averaged 51 percent occupancy. Warehouses in Lubbock averaged 61.9 percent and in Amarillo the occupancy was 57.3 percent, before takeover.

"In establishing the bond for State-licensed warehouses, ASCS has the following minimum requirements; (1) 6 percent of the value of the principal commodity stored, times the capacity of the warehouse; (2) minimum net worth of 4 percent of the value of the principal commodity stored, times the capacity. The minimum bond is \$5,000. It is permissible to set a maximum of \$200,000. However, in the area under supervision of the Dallas Commodity Office, because of the exceptional amount of flat storage, the minimum bond required has for several years been double the basic required minimum.

"Warehouse bonds under the U. S. Warehouse Act are fixed by regulation in accordance with a formula which takes into consideration the unit price of the commodity stored, total storage capacity and the warehouseman's net worth. For example, with wheat at \$1.90 per bushel the warehouseman's net worth requirement is 4 percent of value or 7.6¢ per bushel on maximum licensed capacity. Bond would be calculated at 6 percent of \$1.90 or 11.4¢ per bushel, with a minimum of \$5,000 and a maximum of \$200,000; except that any deficiency in net worth is added to the amount of bond. Regulations also permit larger bond than called for by the above formula when the Secretary or his designated representative finds that conditions exist which warrant requiring additional bond.

"In the Estes case, on the basis of financial information furnished by him, regulations would have required not more than \$200,000 bond. However, in the exercise of its administrative judgment, the Department required this amount to be increased from time to time as additional storage was built and licensed, until it grew to \$700,000. As still additional capacity was under construction and planned for the future, Estes was required to furnish an independent audit showing his financial condition as an aid in determining the

"amount of bond. Net worth shown by the audit was sufficient to justify a normal bond of \$200,000 even after taking into account the increased capacity, actual and proposed. This bond, however, was maintained at \$700,000.

"The first U.S. warehouse license was issued to Mr. Estes trading as United Elevators on February 24, 1959, for warehouse facilities at Plainview, Texas, with a capacity of 2,960,000 bushels and a bond in the amount of \$200,000 was filed. At this time Mr. Estes' net worth was believed to be approximately \$6.4 million based on the financial statement filed by Mr. Estes. Subsequent financial statements filed by him reflected that as of June 30, 1959 his net worth was \$6.6 million; as of December 31, 1959, \$6.7 million; and as of June 30, 1960, \$7.6 million.

"His financial worth as of December 31, 1960, as reflected by a financial statement filed by an independent auditor (CPA) after appropriate adjustments, reflected a net worth exceeding \$12 million.

"In addition to the above information there follows a detailed statement of the additional acquisitions of storage space by Mr. Estes as well as the amount of bond issued to cover same.

"Subsequent to the original license issued to Estes on February 24, 1959, for the warehouse at Plainview, Texas, for which a \$200,000 bond was requested, the capacity at Plainview was increased May 11, 1959 to 6,380,000 bushels; July 24, 1959 increased to 8,645,000 bushels; September 16, 1959 to 10,630,000 bushels; December 1, 1959 to 12,000,000, all covered by a \$200,000 bond.

"On February 19, 1960, a license was issued under the U. S. Warehouse Act for warehouse facilities at Kress, Texas, with capacity of 2,744,000 bushels and at South Plains, Texas, with a capacity of 915,000 bushels.

"On May 6, 1960, a warehouse license was issued for facilities at Silverton for a capacity of 2,190,000 bushels. On September 30, 1960 the capacity at Kress was increased to 3,044,000 bushels and at Silverton

"to 2,673,000 bushels. On October 17, 1960 the capacity at Plainview was increased to 13,006,000 bushels with a total bond coverage for all warehouses at \$380,000. The capacity at Kress was increased on November 1, 1960 to 5,021,000 bushels. The over-all bond was increased to \$578,000. On December 13 the capacity at Plainview was increased to 17,033,000 bushels and the over-all bond was increased to \$700,000.

"Due to the rapid increase in storage capacity controlled by Mr. Estes the Department's Wichita, Kansas office was instructed on January 18, 1961 to fix the renewal bond at \$1 million effective February 23, 1961. At this point Mr. Estes called on the Chief of the U. S. Warehouse Branch, Agricultural Marketing Service in Washington, on or about January 25, 1961 and raised a question as to the necessity of increasing the bond in view of his net worth, which he alleged to be between \$5 million and \$6 million. He was advised that the Department would require an independent audit and a financial statement prepared by a CPA as a basis for determining the amount of bond. This was furnished by February 20, 1961, and disclosed his net worth, after adjustments, to be in excess of \$12,000,000. It was then determined that as of that date an additional bond would not be required in view of his net worth. The facilities at Plainview were increased periodically during 1961, and reached a total capacity of 40,840,000 bushels as of February 14, 1962. The facilities at Silverton were increased on May 26, 1961, to 3,673,000 bushels and those at Kress were increased on August 3, to 5,521,000 and the facilities at Southplains remained at 915,000.

^{TEXAS}
"In addition to the above-mentioned facilities, there was a warehouse in the name of C. E. Davis, Palo Duro Grain Company, Tulia, Texas, which Mr. Estes was believed to be associated with. They were granted a U. S. warehouse license on July 8, 1960, when the original capacity amounted to 2,170,000 bushels and the amount of the bond required at that time was \$200,000. These facilities together with the bond were progressively increased until the capacity reached 18,790,000 bushels as of November 22, 1961, and the total bond as of this date was \$602,000.

"In addition, state-licensed warehouses storing Government-owned grain under terms and conditions of the Uniform Grain Storage Agreement are required to post bond established by the same basic formula as that applying to warehouses Federally licensed under the U.S. Warehouse Act.

"Discretionary authority is provided to establish higher bonds than indicated by basic formula. Because of the exceptional amount of flat storage in the area under the supervision of the Dallas ASCS Commodity Office, bonds in this area have generally been higher than the required minimum (12 percent instead of 6 percent of value of principal commodity stored, times capacity).

"Following are capacities and required bonds under the Uniform Grain Storage Agreement for State-licensed warehouses in which Estes is believed to have an interest:

	<u>Capacity</u>	<u>Bond</u>
United Elevator LaMesa, Texas	666,279 bushels	\$ 80,000
South Plains Grain Co. Levelland, Texas	2,464,000 bushels	\$559,000
Hale County Grain Co. Plainview, Texas	4,489,000 bushels	\$500,000

"Bond for the South Plains Grain Company was established on the basis of wheat as the principal commodity stored and on the basis of grain sorghum as principal commodity for the Hale County Grain Company and United Elevator."

Mr. MOSELEY reiterated the U. S. Warehouse Branch has the entire responsibility for bond determination as to warehouses licensed under the U. S. Warehouse Act, including review of financial statements, original and subsequent examination of warehouses and their contents, that ASCS has nothing to do with any part of such responsibility, and that ASCS has full responsibility with regard to "State licensed" houses. He said the latter type are also licensed by the State Department of Agriculture in Texas and State bonds are required (\$5,000).

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He said his office is governed by "Grain Warehouse Approval Standards and Instructions", issued by the Department of Agriculture, November 25, 1960, printed in the Federal Register of December 1, 1960, a copy of which was made available to Agent.

Mr. MOSELEY pointed out that the formula set out in the above-mentioned document for setting of bonds by ASCS is that minimum bond will be 6 percent of the value of the principal commodity to be stored times the total capacity of the warehouse, that minimum net worth is required of 4 percent times the total capacity times value of the commodity to be stored, that a minimum bond of \$5,000 is permitted and that the maximum need not be more than \$200,000. However, deficiencies in net worth may be compensated by the requirement of additional bond.

He said, over and above the minimum requirements set forth above, the Dallas Commodity Office has in recent years required much more than such minimums. He said the policy was dictated by the fact that storage facilities were expanding very rapidly, that there was a sharp increase in requirements for storage of grain, and many new firms were entering the field. He said the additional requirements have not been retroactive as to old, established warehouses with good records, if their capacities were not being expanded, and that some warehouses in this category still enjoy the minimum requirements. He related that for several years now his office as to "flat storage facilities" such as ESTES houses, has doubled the figure of 6 percent to 12 percent of the value of the commodity to be stored, has raised the 4 percent net worth rule to 10 percent as to new corporations, has lifted the ceiling from \$200,000, entirely in some cases, in other cases to \$400,000, and that the bond may go even higher subject to ASCS judgment and negotiation. He said, further, that in some cases where the status of a corporation may be questionable, ASCS may require personal endorsements of principal stockholders to bonds.

Mr. MOSELEY stated files of his office with regard to bonds of ESTES houses are maintained by LEE ROGERS WANNER, Chief, Storage Management Division. [REDACTED]

[REDACTED] Mr. WANNER's office also assists in carrying on negotiations on bonds, but his work is finalized by Mr. WANNER [REDACTED] He said no approval from USDA, Washington, is required as to the setting of exact amounts

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DL 58-188
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of bonds, that USDA, Washington, does not, in fact, know in ordinary cases the amounts set.

Mr. MOSELEY stated it will be found that ESTES' bonds are high, that formulas as to the individual houses will be found to be as follows:

Bond as to United Elevators, Lamesa, Texas, is based on 12 percent of the value of grain sorghum (\$1.12 per bushel) times total capacity; as to South Plains Grain, Inc., Levelland, Texas, 12 percent of the value of wheat (\$1.90 per bushel) times total capacity, without regard to the \$400,000 general ceiling. As to other houses where it has been found ESTES owns 50 percent or more, only one is State licensed, Hale County Grain Company, Plainview, Texas, formula based on 12 percent of value of grain sorghum up to \$400,000, excess of this amount at 10 percent, total bond rounded out to \$500,000. This formula applied only to proposed expansion made known by the latter concern, with the understanding that if there was further expansion, additional negotiation would be necessary. Mr. MOSELEY stated bonds for competitors of ESTES have been figured on the same formulas in recent years.

FEDERAL BUREAU OF INVESTIGATION

Date 5/1/62

[redacted] Storage Management Division, Agricultural Stabilization and Conservation Service (ASCS), U. S. Department of Agriculture, Dallas Commodity Office, advised, after being duly sworn, that there has been no effort on the part of officials of the Department of Agriculture in Washington or from other persons to intercede with his office with regard to the amounts of bonds set by ASCS for operation of grain storage facilities of BILLIE SOL ESTES. He said ESTES is not known to him, his superior Mr. WANNER, or to [redacted] of his office who assists in negotiations relative to bonds. He said WAYNE COOPER, manager for ESTES, had come to his office on one occasion to discuss the fixing of bond with respect to Hale County Grain Company, but had not attempted to exert pressure in any fashion.

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[redacted] stated files of his office relative to bonds were available for examination and delegated [redacted] to present same.

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b7CFile # DL 58-188
EP 29-351on 4/24/62 at Dallas, TexasDate dictated 4/30/62by Special Agent MANNING C. CLEMENTS /sa

FEDERAL BUREAU OF INVESTIGATION

Date 5/1/62

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ROGERS WANNER, Chief, Storage Management Division, Agricultural Stabilization and Conservation Service (ASCS), Dallas Commodity Office, U. S. Department of Agriculture, advised Mr. WANNER's office is responsible for examination of applications of warehousemen who have obtained state licenses, for eligibility to store grain on behalf of producers who desire Government crop loans and grain to which the Government has taken title. He stated that among other responsibilities in this regard is the setting of bonds for such warehouses. He said they are governed by "Grain Warehouse Approval Standards and Instructions," promulgated by the Department and likewise refer to a "Grain Warehouse Approval Handbook for CSS (now ASCS) Commodity Offices," published by the Department and identified as "17-GR." Further, they are guided by special instructions applicable to the Dallas Commodity Office, issued by C. H. MOSELEY, Director, with departmental approval.

p8-12

[redacted] furnished a copy of a document which purports to list all of the grain storage facilities, both state licensed and those licensed under U. S. Warehouse Act, in the twelve-state area covered by the Dallas office, revised April 1, 1962, and an appendage thereto styled "Suspended Grain Facilities," bearing the same date, which is for "internal use only." He stated the latter list includes those concerns which, for one reason or another, do not at the time have approval for storage of grain. It is observed the four storage facilities, state licensed, which are dealt with below with regard to BILLIE SOL ESTES, appear on this list, as do other ESTES facilities licensed under the U. S. Warehouse Act, responsibility for which, on the question of bonds, rests with U. S. Warehouse Branch, Agricultural Marketing Service, Wichita, Kansas. [redacted] stated there are approximately 1200 contracts for grain storage, both types of licenses, in the twelve-state area, of which an estimated 1000 are in Texas. Sizes of facilities vary widely.

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[redacted] defined the term "flat storage" (which applies to most of the ESTES houses) to mean storage in buildings which extend over wide horizontal areas, as opposed to "regular" or "upright" storage, which refers to the tall structures one

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commonly sees in the grain areas. The principal difference in the two is the aeration system. The warehouseman is responsible as to quality as well as to quantity of the grain stored. At the outset of the use of "flat storage" facilities, such were considered experimental due to aeration problems. Accordingly, ASCS has seen fit to date to require higher bonds as to "flat storage" facilities. In some instances, a facility may include some "flat" and some "regular" space.

[] stated when a new application is received, a financial statement not over 60 days old is required. After a concern has operated 90 days, a new statement is required, and thereafter, a warehouseman must furnish a statement at least once each year. U. S. Department of Agriculture does not insist on "too much formality" in preparation of financial statements, although the majority submitted have been prepared by public accountants, in which cases they must certify to same. Form 68 "or an acceptable substitute" is used for statements. He stated a financial statement prepared by a public accountant is generally accepted without question, as is a statement prepared without the use of a public accountant, unless circumstances indicate the statement should be questioned. He said any "violent changes" in net worth are apparent, and bonds are adjusted accordingly but that net worth is usually a rather constant factor as to most of the warehousemen, in which cases bonds remain the same. He stated that all "intangibles" are deleted from assets by ASCS negotiators, that if there is an apparent "watering" of assets, ASCS may require additional bond. He said Retail Credit Company is under contract to ASCS to furnish credit reports on persons making application.

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[] stated U. S. Department of Agriculture, Washington, furnishes annually to Commodity Offices, prices for various commodities to be used as a basis for figuring bonds for warehouses. Such prices are furnished per hundred-weight, and are reduced to prices per bushel. The price for wheat has been rather constant at \$1.90 per bushel, which figure was used in calculation of bonds for warehouses examined in [] office by interviewing agent, details of which are set out below. There have been variations in prices for grain sorghum as follows: 1958 - \$1.036; 1959 - \$.896; 1960 - \$.896; 1961 - \$1.12. Price for 1962 is not yet received.

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[] stated that when the price dropped in 1959 and 1960, existing bonds were not lowered unless there were capacity increases as to particular warehouses. By the same token, when the price for grain sorghum increased for 1961, existing bonds as to warehouses which had not increased capacity were allowed to remain the same.

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[] made available a copy of "Form DL-24-SM," "Approval of Contract Work Sheet" dated July 25, 1960, which was devised by ASCS locally to be used in computing bonds. This form has spaces for all of the various factors necessary to such computations and arithmetical calculations.

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[] made available files concerning the two "state licensed" ESTES houses, the one "state licensed" house which has been found to be owned at least 50% by ESTES, and files of three competitor warehouses in the same three locations as those of ESTES. There follows a tabulation as to these warehouses with regard to fixing of bonds:

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WAREHOUSE	LOCATION	CAPACITY (round numbers)	COMMODITY	RATE	NET WORTH	BOND*
BILLIE SOL ESTES, dba United Elevators (1) Contract 4/26/61	Lamesa, Texas	667,000	grain sorghum	\$1.036	\$16,368,092.48 (11/30/61)	\$80,000
South Plains Grain Company Contract 6/30/60 (2)	Levelland, Texas	2,464,000	wheat	\$1.90	\$328,334.82	\$559,000
<div style="border: 1px solid black; width: 200px; height: 1.2em; margin-bottom: 5px;"></div> Hale County Grain Texas Company, Contract 7/22/60 (3)		4,489,000	grain sorghum	\$1.12	\$985,688.46 (2/26/62)	\$500,000
X Moody & Baldwin Grain Company Contract 6/23/60 (4)	Lamesa, Texas	1,688,000	grain sorghum	\$1.12	\$129,333.15 (7/31/61)	\$225,000
X Farmers Co-Op Elevator Assn- ciation, Contract 10/23/57 (5)	Levelland, Texas	1,319,000	grain sorghum	\$1.12	\$258,399.63 (4/30/61)	\$168,000
X AAA Grain & Elevator Company Contract 7/3/61	Plainview, Texas	3,328,000	wheat	\$1.90	\$390,114.79 (12/31/61)	\$710,000

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(1) All "flat storage;" other United Elevators in various locations (USWA licensed) were part of this contract and bonds as to same considered in arriving at bond for this facility

(2) Small portion of capacity "regular storage," figured at 6 percent, balance "flat storage," at 12 percent

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(3) All "flat storage," capacity increased after original contract

(4) All "flat storage," capacity increased after original contract

(5) Some "flat," some "regular" storage

* ASCS deducts amounts of State bonds in figuring bonds to ASCS

[redacted] on April 20, 1962, furnished the following signed statement:

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"Resident Agency, FBI
Amarillo, Texas
11:55 a.m.
April 20, 1962

"I, [redacted] being duly sworn, make the following free and voluntary statement to Special Agents W. R. JENKINS and [redacted] of the Federal Bureau of Investigation.

"I am 25 years of age, having been born on [redacted] Texas. I am [redacted] Dallas office of the Agricultural Stabilization and Conservation Service, stationed at Amarillo, Texas.

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WALTER K. FRASER Co.
"On or about March 22, 1962, I examined grain elevators of Water K. Fraser Co. at Boydston's Switch; Texas, about 6 miles east of Groom, Texas. After the inspection, [redacted] told me voluntarily that a gentleman or gentlemen had come to see him sometime in the past, date not given, and talked to him about going in with them in the purchase of a grain elevator at Memphis, Texas. I believe this was an elevator owned by Paymaster Feed Co.

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[redacted] told me that this man or men told him that there was a man in the Dallas Commodity Office of Agricultural Stabilization and Conservation Station who had stated that for a percentage of this elevator he would see that it was filled with grain. [redacted] advised that he told the man or men that he did not want anything to do with such a deal.

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[redacted] advised that he did not ask this man or men who the man with the Dallas Commodity Office was.

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"I understand that the grain elevator in Memphis, Texas has since been sold to the Cook Grain and Storage Co. at Clarendon, Texas.

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"This is all the information in my possession concerning this incident.

"I have read the above and it is true.

"/s/

[REDACTED]

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"Sworn to and subscribed before me this 20th day of April, 1962, at Amarillo, Texas.

"/s/ W. R. Jenkins, SA, FBI,
Dallas, Texas

"Witness:

"/s/

[REDACTED]

SA, FBI, Dallas, Texas"

Date 4/21/62

[redacted]
Texas, was interviewed [redacted] Texas. He was advised he was being interviewed by agents of the FBI, that he did not have to make any statement and any statement he made could be used against him in a court of law. No threats or promises were made to him, and he was advised of his right to consult an attorney.

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[redacted] advised he has known BILLIE SOL ESTES since about 1950. He advised he wished to cooperate with the FBI but had nothing to say at this time regarding his knowledge of ESTES' affairs. He advised he had attorneys to represent him and he would be in contact with them April 23 - 24, 1962, after which time he would be residing at his [redacted] Texas. He said he could be recontacted on April 25, 26 or 27, by FBI agents [redacted] Texas. He said at that time he would already have had the advice of his counsel and depending upon their advice, he might be able to answer questions.

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[redacted] said he would cooperate if subpoenaed to appear before a U. S. Grand Jury.

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b7CFile # DL 58-188
EP 29-351on 4/21/62 at Joaquin, Texas Date dictated 4/21/62by Special Agent S WARREN A. LARSON & ALAN L. MANNING /wvm

UNITED STATES GOVERNMENT

Memorandum

TO : Director, Federal Bureau of Investigation

DATE: May 1

FROM : Herbert J. Miller, Jr., Assistant Attorney General, Criminal Division

HJM:RD
29-76-334
120-76-117

SUBJECT: Billie Sol Estes
Interstate Transportation of Stolen Property
Bribery

This will refer to your memorandum of April 26, 1962, addressed to the Attorney General, requesting to be informed at the earliest opportunity whether in the Department's opinion a bribery violation exists.

On the basis of information presently available we are unable to either confirm or discount such a possibility. We are now in the process of requesting further investigation into the surrounding facts which we hope will result in an adequate basis for determining whether bribery or conflict of interest violations do exist. In accord with your request we will advise you as soon as any decision is reached.

Mr. Tolson
Mr. Belmont
Mr. Mohr
Mr. Callahan
Mr. Conrad
Mr. DeLoach
Mr. Evans
Mr. Malone
Mr. Rosen
Mr. Sullivan
Mr. Tavel
Mr. Trotter
Tele. Room
Miss Holmes
Miss Gandy

6-1-62


EXP-PROC
MAY 2 1962 35

REC-116

29-28704-182
4
11 MAY 22 1962
SPECIAL AGENT
MAY 15 1962
MAY 25 1962

62 MAY 8 1962

The attached letter from the Department is in response to Bureau letter to the Attorney General 4/26/62 wherein we requested to be advised at the earliest possible opportunity as to the Department's opinion as to whether or not a bribery violation does exist. In attached letter Department indicates that at this point it cannot tell whether a bribery violation does exist and that we would be advised as soon as a decision is reached. Based on the facts known now, we have completed our investigation of the bribery allegation and it would appear that Justice may be awaiting the results of the Department of Agriculture file review.



FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 2 1962

TELETYPE

Mr. Tolson	_____
Mr. Belmont	_____
Mr. Mohr	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. DeLoach	_____
Mr. Evans	_____
Mr. Malone	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

URGENT 5-2-62 2-33 PM CST NW

TO DIRECTOR, ATTN GENERAL INVESTIGATIVE DIVISION AND SAC
WASHINGTON FIELD

FROM SAC DALLAS /58-188/ 1 P

BILLIE SOL ESTES, AKA, ET AL, BRIBERY, CONFLICT OF INTEREST.

REWFOTEL MAY ONE AND PREVIOUS INFORMATION RE DEALINGS OF
MORRIS AND REPRESENTATIVE ANDERSEN OF MINNESOTA WITH ESTES RE
COAL MINE STOCK PURCHASE.

SEE ALSO DALLAS TELETYPE APRIL TWENTY RE TESTIMONY OF FRANK
CAIN CONCERNING TELEPHONE CALL ESTES RECEIVED FROM PERSON ESTES
SAID WAS JAMIE WHITTEN, SUPPOSEDLY CONGRESSMAN.

REQUEST BUREAU CONSIDER DESIRABILITY OF INTERVIEWS WITH
CONGRESSMEN ANDERSEN AND WHITTEN.

ESTES MAY HAVE SUICIDAL TENDENCIES.

END

4-34 PM OK FBI WA RAM

REC-116

29-28704-183

18 MAY 4 1962

62 MAY 8 1962

*5/2/62
JAC known held
no action on this
WSD*

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION

MAY 2 1962

TELETYPE

Mr. Tolson	_____
Mr. Belmont	_____
Mr. Mohr	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. DeLoach	_____
Mr. Evans	_____
Mr. Malone	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

URGENT 5-2-62 3-47 PM CST EEA
TO DIRECTOR, FBI /29-28704/ AND SACS, EL PASO /29-351/ NEW ORLEANS
AND NEW YORK /87-26066/

✓ XXX NY VIA WASH

FROM SAC, DALLAS /29-1096/ 2-P

BILLIE SOL ESTES, ETAL, ITSP, MF, CONSPIRACY. OO - EL PASO.
REBUTEL MAY ONE LAST AND EL PASO TEL INSTANT.

RE DEPARTMENT REQUEST FOR INVESTIGATION AS PERTAINS TO
BUSINESS RELATIONSHIP OF BILLIE SOL ESTES, SUPERIOR MANUFACTURING
CO./SMC/, AMARILLO, TEX., LUBBOCK MACHINE AND SUPPLY CO./LMS/,
LUBBOCK, TEX., AND ANY OFFICER OR EMPLOYEE OF THESE FIRMS WITH
THE COMMERCIAL SOLVENTS CORP./CSC/, N. Y., NY.

PREVIOUS INVESTIGATION BY DALLAS DIVISION CONCERNING
LMS GIVES NO INDICATION OF THAT FIRM HAVING BUSINESS RELATION-
SHIP WITH CSC. ACCORDINGLY, NO INVESTIGATION BEING INSTITUTED

LMS AT THAT FIRM UACB, IT BEING FELT NEW YORK AT CSC IN ITS
ANALYSIS OF TRANSACTIONS WILL BE IN A BETTER POSITION TO INFORM
IF LMS DID IN FACT ENGAGE IN CONTRACTS AND AGREEMENTS WITH CSC.

EL PASO CONDUCTING INVESTIGATION AT ESTES ENTERPRISES,

PECOS, TEXAS. ADDITIONALLY, INASMUCH AS

RELAYED TO

62 MAY 8 1962

cc: Curran

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PAGE TWO

[REDACTED] TEX., UNDER SUBPOENA DUCES TECUM, [REDACTED]

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[REDACTED]

RE REQUEST BY DEPARTMENT TO DETERMINE CORRECTNESS OF STATEMENTS OF TEXAS AG WILL R. WILSON RELATING TO SEIZURE OF ESTES PAPERS AND OTHER DOCUMENTS BY CSC INVESTIGATIONS. NEW YORK SEE REPORT OF SA MANNING C. CLEMENTS, APRIL TWENTY LAST, DALLAS, WHICH REFLECTS SPECIFIC LEAD FOR NY IN THIS REGARD.

NEW YORK ADVISE DALLAS SHOULD REVIEW OF CSC RECORDS REVEAL BUSINESS RELATIONSHIP WITH LMS.

IN VIEW OF ABOVE, DALLAS SUBMITTING NO REPORT UACB.

ESTES MAY HAVE SUICIDAL TENDENCIES.

EP AND NO TO BE ADVISED

END ACK PLS

5-53 PM OK FBI WA RAC OK RELAY NY

V

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 2 1962
TELETYPE

Mr. Tolson_____
Mr. Belmont_____
Mr. Mohr_____
Mr. Callahan_____
Mr. Conrad_____
Mr. DeLoach_____
Mr. Evans_____
Mr. Malone_____
Mr. Rosen_____
Mr. Sullivan_____
Mr. Tavel_____
Mr. Trotter_____
Tele. Room_____
Miss Holmes_____
Miss Gandy_____

URGENT 5-2-62 4-41 PM CST MAL

TO DIRECTOR, FBI AND SAC, NEW YORK
NEW YORK VIA WASHINGTON

FROM SAC, NEW ORLEANS /87-9930/ 1-P
BILLIE SOL ESTES, ET AL, ITSP, MF - CONSPIRACY, OO, ELPASO.
RE BUTEL MAY ONE LAST TO NEW YORK, DALLAS, EL PASO AND
NEW ORLEANS.

[REDACTED] COMMERCIAL SOLVENTS,
HARVEY, LA., ADVISED TODAY ALL INFORMATION PERTAINING TO THIS
MATTER AVAILABLE THROUGH [REDACTED] CSC,
NEW YORK CITY.

NY HANDLE LEAD FOR NEW ORLEANS. REC-116

ESTES MAY HAVE SUICIDAL TENDENCIES.

DALLAS AND EL PASO ADVISED BY AM. 10:00 AM

NO REPORT BEING SUBMITTED. RUC

END AND ACK PLS

18 MAY 4 1962

6-43 PM OK FBI WA RAM FOR RELAY

TU DISCMM

62 MAY 8-1962

cc: Curran

RELAYED TO NY

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 2 1962
TELETYPE

Mr. Tolson	_____
Mr. Belmont	_____
Mr. Mohr	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. DeLoach	_____
Mr. Evans	_____
Mr. Malone	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

URGENT 5-2-62 1155 MST JPM

TO DIRECTOR FBI AND SACS DALLAS, NEW YORK & NEW ORLEANS
FROM SAC EL PASO "29-351" 3 P NY VIA WASH

BILLIE SOL ESTES, ET AL, ITSP - MF, CONSPIRACY, OO - EL PASO.

REBUTEL MAY FIRST LAST RE INVESTIGATION PERTAINING TO
COMMERCIAL SOLVENTS CORPORATION WITH BUDED MAY NINE NEXT.

OFFICES RECEIVING REQUESTED TO SUBMIT INDIVIDUAL REPORTS
COVERING THIS PHASE OF INVESTIGATION RATHER THAN FORWARD THREE
ZERO TWO-S EL PASO. FORWARD EL PASO AS OFFICE OF ORIGIN THREE
COPIES ALL REPORTS WHICH WILL INCLUDE ONE FOR ASST. UNITED STATES
ATTORNEY, EL PASO. LIKEWISE FORWARD DALLAS SUFFICIENT COPIES TO
ENABLE DISSEMINATION TO UNITED STATES ATTORNEY AT FORT WORTH.

EL PASO WILL INCLUDE IN ITS REPORT NEW YORK THREE ZERO TWO
WITH [REDACTED]

COMMERCIAL SOLVENTS CORPORATION, WHO WAS INTERVIEWED APRIL
SEVENTEEN LAST.

AT THIS TIME [REDACTED] SAID ESTES CONTACTED COMMERCIAL
SOLVENTS CORPORATION APRIL OR MAY NINETEEN FIFTY-EIGHT TO BUY
ANHYDROUS AMMONIA AND DURING MAY, JUNE AND JULY PURCHASED ABOUT
FOUR HUNDRED THOUSAND DOLLARS WORTH.

ESTES IN SEPTEMBER OR OCTOBER NINETEEN FIFTY-EIGHT MET WITH
OFFICERS COMMERCIAL SOLVENTS CORPORATION AT NEW YORK AND REQUESTED

62 MAY 8 1962 ONE

RECEIVED TO

PAGE TWO

NINE HUNDRED THOUSAND DOLLAR DEAL ON FIVE YEAR CONTRACT. ESTES GAVE COMMERCIAL SOLVENTS CORPORATION SECOND MORTGAGE ON GRAIN ELEVATOR TO BE BUILT AND ASSIGNMENT OF COMMERCIAL CREDIT RECEIPTS. THE NINE HUNDRED THOUSAND DOLLARS TO BE PAID BACK IN YEARLY INSTALLMENTS OF ONE HUNDRED EIGHTY THOUSAND DOLLARS OUT OF COMMERCIAL CREDIT RECEIPTS. DURING NINETEEN FIFTY-NINE A LARGE AMOUNT OF AMMONIA SHIPPED TO ESTES AND COMMERCIAL SOLVENTS CORPORATION BECAME ALARMED AS HIS OUTSTANDING BALANCE REACHED ABOUT THREE AND ONE-HALF MILLION DOLLARS. COMMERCIAL SOLVENTS CORPORATION MET WITH ESTES AND TOOK ADDITIONAL SECOND MORTGAGES ON OTHER GRAIN ELEVATORS, DEEDS OF TRUST ON LAND, AND CHATTEL MORTGAGES ON AMMONIA SALES.

IN/ NINETEEN SIXTY ESTES AGAIN CONTACTED COMMERCIAL SOLVENTS CORPORATION AND REQUESTED NEW DEAL FOR TWELVE MILLION DEAL TURNED DOWN BY COMMERCIAL SOLVENTS CORPORATION. PAYMENT OF EXISTING INDEBTEDNESS TO COMMERCIAL SOLVENTS CORPORATION BEING PAID THROUGH ASSIGNMENT OF COMMERCIAL CREDIT RECEIPTS FROM ELEVATORS OWNED OR OPERATED BY ESTES.

ESTES PRESENT INDEBTEDNESS TO COMMERCIAL SOLVENTS CORPORATION ABOUT FIVE MILLION SIX HUNDRED THOUSAND.

END PAGE TWO

PAGE THREE

FOR INFORMATION NEW YORK, [REDACTED] COMMERCIAL
SOLVENTS CORPORATION, AND WIFE VISITED ESTES IN PECOS MIDDLE OF
FEBRUARY LAST.

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THE MISCELLANEOUS RECORDS OF ESTES AND SUPERIOR MANUFACTURING
CO. IN POSSESSION FBI, EL PASO, OR UNITED STATES MARSHAL, EL PASO,
DO NOT CONTAIN ANSWERS TO QUESTIONS PRESENTED IN REFERENCED
TELETYPE.

IT IS BELIEVED NEW YORK AT COMMERCIAL SOLVENTS CORPORATION
WILL BE ABLE TO OBTAIN BULK OF DESIRED INFORMATION .

EL PASO AT PECOS, TEXAS, WILL CONDUCT INVESTIGATION AT
ESTES INTERPRISES. IN VIEW OF PREVIOUS REFUSAL FOR INTERVIEW,
CONTACT NOT BEING MADW WITH SUBJECT ESTES.

ESTES MAY HAVE SUICIDAL TENDENCIES.

END AND ACK

NO AND DL HAVE BEEN ADVISED

END

CORR PAGE 1 LINE 11 WORDS 3 AND 4

MIM PLS [REDACTED]

ALSO WORD 5 "FINANCIAL"

WORD AFTER FINIANCIAL PLS

[REDACTED]
~~THAT IS ALL OF THAT LINE~~

~~WE HAVE ALL TO GETHER DIFFERENT~~

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b7C

NA 8 p 3/2
FEDERAL BUREAU OF INVESTIGATION
U.S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 2 1962
TELETYPE

Mr. Tolson_____
Mr. Belmont_____
Mr. Mohr_____
Mr. Callahan_____
Mr. Conrad_____
Mr. DeLoach_____
Mr. Evans_____
Mr. Malone_____
Mr. Rosen_____
Mr. Sullivan_____
Mr. Tavel_____
Mr. Trotter_____
Tele. Room_____
Miss Holmes_____
Miss Gandy_____

175
URGENT 5-2-62 7-22 PM JAA

TO DIRECTOR /13/ AND SACS DALLAS AND EL PASO
FROM SAC, NEW YORK /87-26066/ 8P

BILLY SOL ESTES, ET AL
ITSP - MF., CONSPIRACY
OO..EL PASO

BILLY SOL ESTES, ET AL
BRIBERY - CONFLICT OF INTEREST
OO..DALLAS

RE BUREAU TEL, FIVE ONE SIXTY TWO.

REC-116

29-28704-187
18 MAY 4 1962

[REDACTED]
[REDACTED] COMMERCIAL SOLVENTS CORPORATION /CSC/,

ADVISED THAT ALL TRANSACTIONS THIS COMPANY HAD WERE WITH
BILLY SOL ESTES. THEIR ONLY DEALING WITH SUPERIOR
MANUFACTURING COMPANY WAS THAT SUPERIOR GUARANTEED ONE
OF ESTES- NOTES. NO DEALINGS WHATEVER WITH LUBBOCK MACHINE
AND SUPPLY COMPANY.

END PAGE ONE

62 MAY 8 1962

cc: Curran

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PAGE TWO

FURNISHED A COPY OF A MEMORANDUM WHICH IS BEING FORWARDED BY AIRTEL TO BUREAU IN THE EVENT THE BUREAU DESIRES TO MAKE IT AVAILABLE TO DEPARTMENT. THIS MEMORANDUM IS A SUMMARY MEMORANDUM OF AN ANALYSIS PRESENTLY BEING PREPARED BY CSC OF THEIR DEALINGS WITH ESTES. A COPY OF THIS ANALYSIS WILL BE MADE AVAILABLE BY CSC. THE MEMORANDUM REFLECTS DURING MAY NINETEEN FIFTY EIGHT ESTES BEGAN BUYING ANHYDROUS AMMONIA /AMMONIA/ FROM CSC AND BY AUGUST NINETEEN FIFTY EIGHT HE OWED FIVE HUNDRED THOUSAND DOLLARS. ON DECEMBER ONE NINETEEN FIFTY EIGHT A MASTER AGREEMENT WAS MADE BETWEEN CSC AND ESTES WHICH REFLECTS SUBSTANTIALLY AS FOLLOWS..

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CSC LOANED ESTES NINE HUNDRED THOUSAND DOLLARS EVIDENCED BY A PROMISSORY NOTE PAYABLE OVER A FIVE YEAR PERIOD /FIVE HUNDRED AND FORTY THOUSAND DOLLARS IS STILL UNPAID/, FIVE HUNDRED AND SEVENTY FIVE THOUSAND DOLLARS WAS TO COVER ESTES- INDEBTEDNESS TO CSC, AND TWO HUNDRED

END PAGE TWO

PAGE THREE

TWENTY FIVE THOUSAND DOLLARS WAS TO FINANCE ESTES-
DOWN PAYMENT ON PURCHASE OF SMITH BAWDEN GRAIN TERMINALS,
ONE HUNDRED THOUSAND DOLLARS TO FINANCE FURTHER AMMONIA
PURCHASES. ESTES AND CSC ENTERED INTO A PURCHASE
AGREEMENT. ESTES- INDEBTEDNESS WAS SECURED BY HIS
GIVING CSC CHATTEL MORTGAGES ON EIGHT HUNDRED ONE THOUSAND
GALLON AMMONIA TANK TRAILERS AND FOUR HUNDRED FIVE HUNDRED
GALLON ACID TANK TRAILERS, AND COVERING INVENTORY AND
EQUIPMENT ON GRAIN TERMINALS, DEED OF TRUST ON GRAIN
TERMINALS, ASSIGNMENT OF LIFE INSURANCE POLICIES, ACCOUNTS
RECEIVABLE, AND PROCEEDS IN HIS COMMODITY CREDIT CORPORATION
/CCC/, GRAIN STORAGE CONTRACTS.

THIS AGREEMENT IN EFFECT FOR ONE YEAR AND
ESTES- AMMONIA REQUIREMENTS GREATLY EXCEEDED EXPECTATIONS
AND HIS INDEBTEDNESS TO CSC INCREASED SO THAT BY NOVEMBER,
NINETEEN FIFTY NINE HE OWED THREE MILLION DOLLARS IN ADDITION
END PAGE THREE

PAGE FOUR

TO THE NINE HUNDRED THOUSAND DOLLARS. NEW NEGOTIATIONS WERE INITIATED. UNDER THIS AGREEMENT ESTES- OPEN LINE OF CREDIT WAS INCREASED AND THE GENERAL PHILOSOPHY OF THE PRIOR CONTRACT WAS CARRIED OVER EXCEPT THAT FURTHER SECURITIES WERE ADDED INCLUDING FURTHER DEEDS OF TRUST ALSO CHATTEL MORTGAGES ON HIS INVENTORIES OF AMMONIA, PURCHASES FROM CSC. IN JUNE NINETEEN SIXTY ESTES SENT CSC A PROMISSORY NOTE FOR NINE HUNDRED THOUSAND DOLLARS WITH PAYMENT GUARANTEED BY SUPERIOR MANUFACTURING COMPANY SECURED BY A CHATTEL MORTGAGE ON ONE THOUSAND TWO HUNDRED AND FIFTY SIX ONE THOUSAND GALLON TANK RAILERS. IN JUNE NINETEEN SIXTY ESTES ENTERED INTO A NEW CCC CONTRACT AND PAYMENTS THEREUNDER WERE DULY ASSIGNED TO CSC. AS NEW TERMINALS WERE PLACED UNDER HIS CCC CONTRACT CSC WAS IN SEVERAL INSTANCES ASKED AND AGREED TO RELEASE TO THE SELLERS CERTAIN OF THE CCC PROCEEDS. IN JANUARY NINETEEN SIXTY TWO ESTES ASKED CSC TO INCREASE HIS CREDIT TO

END PAGE FOUR

PAGE FIVE

TEN TO TWENTY MILLION DOLLARS. CSC DECLINED BUT AGREED INFORMALLY TO ADVANCE ESTES FUNDS IF HE WAS IN A TIGHT SPOT. AND IN FEBRUARY, NINETEEN SIXTY TWO GAVE ESTES A SHORT TERM LOAN OF FOUR HUNDRED THOUSAND DOLLARS.

IT IS NOTED THAT IN NINETEEN FIFTY NINE ESTES PURCHASED THIRTY FOUR THOUSAND FIVE HUNDRED AND FORTY NINE TONS OF AMMONIA, IN NINETEEN SIXTY TWO FIVE THOUSAND NINE HUNDRED AND THREE TONS, AND IN NINETEEN SIXTY ONE THIRTY SIX THOUSAND AND EIGHTEEN TONS.

FROM MARCH, NINETEEN FIFTY EIGHT UNTIL MARCH THIRTY ONE, NINETEEN SIXTY TWO ESTES PURCHASED ELEVEN MILLION FOUR HUNDRED THOUSAND DOLLARS WORTH OF ANHYDROUS AMMONIA, THREE HUNDRED EIGHTY TWO THOUSAND DOLLARS WORTH HI DASH D AMMONIUM NITRATE AND ONE HUNDRED EIGHTY EIGHT THOUSAND DOLLARS WORTH OF NYTROGEN SOLUTIONS. THIS PLUS INTEREST AND OTHER CHARGES LESS CREDIT MEMORANDA REFLECTED NET CHARGES OF TWELVE MILLION FIFTY THREE

END PAGE FIVE

PAGE SIX

THOUSAND, SEVEN HUNDRED AND FORTY NINE DOLLARS. AGAINST THESE COLLECTIONS OF SIX MILLION THREE HUNDRED EIGHTY FOUR THOUSAND SEVEN HUNDRED THIRTY EIGHT DOLLARS WERE RECEIVED MAKING AN OUTSTANDING BALANCE OF FIVE MILLION SIX HUNDRED AND SIXTY NINE THOUSAND AND TEN PRESENTLY OWED CSC. IT IS NOTED THAT CSC RECEIVED SEVEN MILLION SIX HUNDRED AND ONE THOUSAND THREE HUNDRED AND SEVENTY FOUR DOLLARS FROM CCC OF WHICH SEVEN HUNDRED AND THIRTY FOUR THOUSAND DOLLARS WAS PAID OUT TO OTHERS AND SIX HUNDRED AND TWENTY FIVE THOUSAND DOLLARS WAS CREDITED AGAINST CASH GIVEN ESTES BY CSC.

CONCERNING THE STATE OF TEXAS ATTORNEY GENERAL-S ALLEGATIONS CSC INVESTIGATORS CLEANED OUT ESTES- OFFICE IN PECOS, TEXAS, [REDACTED] ADVISED THAT AFTER HE LEARNED OF ESTES- ARREST BY THE FBI HE AND [REDACTED] [REDACTED] CSC, FLEW TO PECOS AND WITH PERMISSION OF [REDACTED] ESTES ENTERPRISE THEY CHECKED

END PAGE SIX

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PAGE SEVEN

THE ACCOUNTS RECEIVABLE AND INVENTORIES OF AMMONIA AND TOOK CONTROL OF THE AMMONIA BUSINESS IN ORDER TO SECURE THEIR POSITION. HE ADVISED THAT THE MATERIAL THAT HE AND MEMBERS OF HIS FIRM TOOK MAINLY DEALT WITH ACCOUNTS RECEIVABLE OF AMMONIA SALES AND WITH AMMONIA INVENTORIES. HE ADVISED THAT IN ADDITION HE TOOK COPIES OF SOME OF THE LEASES OF PROPERTY AGAINST WHICH HIS COMPANY HAS ASSIGNMENTS OR MORTGAGES. [REDACTED] FURNISHED COPIES OF ALL PAPERS THAT HE TOOK THAT DID NOT DEAL COMPLETELY WITH AMMONIA, ACCOUNTS RECEIVABLE OR INVENTORIES. [REDACTED] ADVISED THAT THE ONLY PAYMENTS CSC RECEIVED WERE FROM CCC AND CSC DID NOT RECEIVE ANY MONEY FROM FARMERS WHO STORE GRAIN IN ESTES- WAREHOUSES.

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IN CONNECTION WITH PARTICULARS AND SPECIFICS OF TERMS AND CONDITIONS OF CONTRACTS AND AGREEMENTS [REDACTED] OF CSC WILL MAKE AVAILABLE PHOTOSTATS ALONG WITH THE ANALYSIS OF CSC-S DEALINGS WITH ESTES BY MAY FOUR NEXT,
END PAGE SEVEN

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PAGE EIGHT

WHICH WILL BE FORWARDED TO OFFICES OF ORIGIN FOR REVIEW.

ESTES MAY HAVE SUICIDAL TENDENCIES.

END AND ACK PLS

NY R 13 WA RAM

5/3/62

Airtel

To: REC-116 29-28704-188
SAC, Washington Field

From: Director, FBI

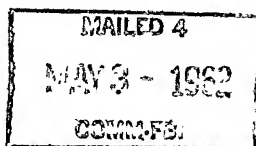
BILLIE SOL ESTES
ITSP - BRIBERY

There is attached hereto a copy of a request for investigation received from the Department.

In accordance with previous instructions, these matters should be given top priority attention.

Enclosure

TWC:kak
(4) *lake*



U.S. DEPT. OF JUSTICE
MAY 3 1962

SA J. A. [unclear] *Cupler*

TL

- Tolson _____
- Belmont _____
- Mohr _____
- Callahan _____
- Conrad _____
- DeLoach _____
- Evans _____
- Malone _____
- Rosen _____
- Sullivan _____
- Tavel _____
- Trotter _____
- Tele. Room _____
- Holmes _____
- Gandy _____

62 MAY 8 1962
MAIL ROOM ☒ TELETYPE UNIT ☐

Memorandum

Mr. Tolson.....
Mr. Belmont.....
Mr. Mohr.....
Mr. Callahan.....
Mr. Conrad.....
Mr. DeLoach.....
Mr. Evans.....
Mr. Malone.....
Mr. Rosen.....
Mr. Sullivan.....
Mr. Tavel.....
Mr. Trotter.....
Tele. Room.....
Miss Holmes.....
Gandy.....

TO : Director, Federal Bureau of Investigation DATE:

FROM : Herbert J. Miller, Jr., Assistant Attorney General, Criminal Division

SUBJECT: Billie Sol Estes - Interstate Transportation of Stolen Property - BriberyHJM:RDM:111
29-761331

MAY 2 1962

This will refer to the above captioned matter.

The investigative report of Agent Andrew J. Shannon, dated April 23, 1962, at Washington, D. C., indicated (p. 9) that [redacted] Division of Investigators, USDA, was told by both William Morris and Dr. James Ralph on April 12 and 13, respectively, that in January, 1962, they each received a \$100 postal money order signed by Billie Sol Estes. Morris exhibited a receipt disclosing that he had purchased a \$100 ticket to the Democratic National Dinner (January 20, 1962). Ralph also advised that he contributed \$100 to the Democratic National Committee. Both admitted to [redacted] that they received one ticket each to the dinner. When Estes came to Washington they allegedly gave him the two tickets.

Morris and Ralph both claim that they did not know why the money orders were sent them and that they contained no accompanying explanation. Dr. Ralph indicated that they prepared a memorandum concerning the receipt and disposition of this money, which memorandum was furnished to the Secretary of Agriculture, Orville Freeman. [redacted] advised that to date this memorandum had not been located.

An April 27, 1962 investigative report of a later interview with Dr. Ralph had on April 26, 1962, at the Foreign Service Institute, Arlington, Virginia, confirms the essentials of this story. However, at that time Dr. Ralph claimed that he received two \$100 money orders signed by Estes; that he and Morris decided that they could only be for tickets to the Democratic Party Dinner; that he endorsed one to the Democratic Party in California and endorsed the other to the National Democratic Party, Washington, D. C.; and that Morris took this latter endorsed order to Democratic Party Headquarters, Washington, D. C., where he purchased a ticket to the dinner, which ticket was later given to Estes. Ralph stated that he and his wife attended the dinner as a result of receiving tickets from Congressman D. S. Saund of California.

REC-116

Airtel SAC WFO
5-3-62
TWC:1242

16 MAY 2 1962

29-28204-188

[Handwritten signature]

With regard to the memorandum to the Secretary of Agriculture concerning the money orders, Ralph claimed that Morris typed it and he signed it to be sent to the Secretary. Ralph further indicated that Secretary Freeman told him he did not remember receiving the memorandum.

In Exhibit A. to the "Statement of William E. Morris" dated April 23, 1962, p. 11, in answer to a personnel action pending against him Morris states that during last Christmas (1961) he received two postal money orders in the amount of \$100 each and Dr. Ralph received one. According to Morris, the money orders were endorsed to the Democratic National Committee for January 20 dinner tickets which were to be given to Estes. Morris further advised that he and Ralph wrote a memorandum to the Secretary informing him of this.

Based on the above information we would appreciate further investigation to attempt to determine and obtain the following:

- (1) How many postal money orders were received by Morris and Ralph. Their testimony, referred to above, conflicts in this respect.
- (2) Any Post Office records or photostats of cancelled money orders endorsed by William Morris or Dr. James Ralph since their employment by the Department of Agriculture (with respect to Morris this request applies only to his most recent term of employment by the Department of Agriculture).
- ✓(3) Any further information as to the existence and location of the alleged memorandum to the Secretary of Agriculture, including interview of the parties in the chain of referral.

5/3/62

AIRTEL

AIR MAIL

TO: DIRECTOR, FBI
FROM: SAC, EL PASO (147-85) (RUC)
RE: BILLIE SOL ESTES;
ROBERT S. CLEMENT;
[redacted] of
Nashville, Tennessee
THAM; VAM

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ReBuairtel 4/27/62.

There is enclosed herewith five copies of
letterhead memorandum suitable for dissemination as requested
in referenced Bureau airtel to El Paso 4/27/62.

CROSBY

3 - Bureau (Encls. 5)
1 - El Paso

EJM/jcs
(4)

ENCLOSURE

2-7-704-
NOT RECORDED
126 MAY 16 1962

ORIGINAL FILED IN

53 MAY 17 1962



UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to
File No.

202 U. S. Court House
El Paso, Texas
May 3, 1962

BILLIE SOL ESTES;
ROBERT S. CLEMENT;

[redacted] of Nashville, Tennessee
FEDERAL HOUSING ADMINISTRATION MATTERS;
VETERANS ADMINISTRATION MATTERS

On April 11, 1962, [redacted]
the Nashville Tennesseean, residence [redacted]
[redacted] Tennessee, telephone number [redacted]
appeared at the El Paso Office of the FBI, accompanied by the
Honorable ERNEST MORGAN, U. S. Attorney, Western District of
Texas.

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[redacted] advised that he had been referred to Mr.
MORGAN by the Department of Justice inasmuch as he had some
information pertaining to BILLIE SOL ESTES.

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[redacted] advised that around 1956 BILLIE SOL ESTES
put in a bid for scrap housing at the Air Base in Fayetteville,
Arkansas, using another party to submit the bid. He stated that ESTES, through this other party who he
he did not recall, submitted the successful bid and obtained
approximately 50 or 60 of the scrap housing units which were
subsequently cut into two or more sections. He advised that
ESTES was in partnership with [redacted] of Nashville,
Tennessee and ROBERT S. CLEMENT, father of FRANK CLEMENT,
former Governor of Tennessee, in this project. He advised
[redacted] Home Improvement
Company, but that this company was not a chartered corporation
and had never filed as such, being a corporation only.

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This document contains neither recommendations
nor conclusions of the FBI. It is the property
of the FBI and is loaned to your agency; it and
its contents are not to be distributed outside
your agency.

147-9445-
29-28704-
ENCLOSURE

ENCLOSURE

XEROX
MAY 16 1962

[redacted] advised that ESTES, [redacted] and CLEMENT bought a strip of poor, unimproved land just outside of Blytheville, Arkansas, and made some makeshift roads and deep ditches, which had to be crossed on small bridges, in an effort to give the property some semblance of a sub-division. He stated that they then moved the cut-up housing units on to this property and after making some minor improvements, such as fixing the roofs and adding a wall where the unit had been cut, proceeded to sell these units as individual homes. He stated that they had managed to finance three of the units through FHA before FHA refused any further financing. He advised that they then financed these "homes" with conventional financing and he understood that someone in Texas purchased some of the first mortgages under this conventional financing. He stated that ESTES got into trouble with the planning authorities in Blytheville and resorted to hauling the units to the "sub-division" on house moving equipment after midnight and without any lights, in complete violation of state laws.

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ARK / He advised that on November 28, 1956 one of ESTES' [redacted]

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had been investigated by Arkansas State Trooper [redacted] He stated that the widow of the man who was killed settled for \$3,000 payment after ESTES prayed with her for two days and converted her to the Church of Christ. She received the settlement in the form of a check from the Service Insurance Company of New York, but he stated that ESTES paid the insurance company the \$3,000 to make the payment since the insurance company had disclaimed liability due to ESTES' violation of the law in his method of moving the houses. He further advised that the hauler on the job was Burchard and Poteet Trucking Company of Pecos, Texas, a subsidiary of BILLIE SOL ESTES.

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[redacted] stated that some of the mortgages obtained on the aforementioned housing deal were sold to [redacted] and to CLEMENT and at least one had been given as [redacted]

a gift by ESTES, in the form of an endowment to the Montgomery Bell Academy in Nashville, Tennessee. He advised that this gift was an empty gesture inasmuch as the mortgages on the property were worthless, due to the condition of the property.

[] stated that due to the recommendation by ESTES, the Batavia Corporation of Nashville, Tennessee, a holding company, had been named as holding company for the Nashville Christian Institute (NCI) even though there was no earthly reason for using a holding company for the NCI.

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[] advised that the Nashville Christian Institute is an all Negro boarding school encompassing high school and one year of junior college (unaccredited) and is sponsored by the Church of Christ.

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[] advised that on November 24, 1956, some of the mortgages on the Blytheville housing deal, which he stated are worthless, had been transferred to the Batavia Corporation as holding company for the NCI and some had been transferred directly to the NCI. He advised that he was of the opinion that these mortgages were transferred in return for cash collected for the NCI, of which ESTES had full control, and these mortgages were supposedly investments.

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He stated that ESTES had also managed to bid successfully on government surplus buildings in about 25 different towns scattered through the south and southwest area of the United States. He stated that one of the other locations was in Orange, Texas, where ESTES, under the name of the Sabine Surplus Company, had successfully bid on disposing of 44 multi-family dwelling units in what was known as the West Navy Housing Project and was known in Washington, D. C. as TEX 41595. He stated that the bid had been submitted to the Public Housing Administration in July, 1953. [] made available a copy of a letter dated at Orange, Texas, June 12, 1958, to "JOHN" signed "JCB" in which this information is set out. The aforementioned letter states further

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that the writer would not have "given 15 cents for the whole shebang" but that two bids were received from out of town people, one for \$23,148 and one from [redacted] [redacted] Texas, for \$33,922. It continues that as soon as [redacted] was notified that he was the successful bidder, ESTES then identified himself as being the actual bidder stating that [redacted] [redacted] and then organized the Sabine Salvage Company and started disposing of the buildings. Some of the buildings were sold on an "as is" basis and others divided into sections, renovated, and sold as small homes.

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The letter states that the contract between ESTES and the Public Housing Administration provided that all buildings were to be removed from the site within 180 days otherwise all right and title to the remaining buildings would revert to the government and Public Housing Administration could move in, finish the job and charge ESTES with the cost. The letter sets out that ESTES won two or three extensions of the time limit and actually took two or three months longer than the 180 days to clear the site. ESTES rented a piece of ground outside of Orange, Texas, moved the remaining buildings there and continued the renovation and selling program and as of the date of the letter, June 12, 1958, some of the structures were still unsold and Sabine Salvage is still in business there.

The letter sets out that the Sabine Salvage Company never filed an assumed name certificate, as the law requires, in the event that it was a partnership, but added that the company may have been incorporated and if so, the names of the incorporators should be on file in the office of the Secretary of State, Austin, Texas. The letter sets out that the writer had been told that some doctor in Pecos, Texas, had a piece of the company and that ESTES' father may also have been involved. The letter sets out that the local manager of the deal was a man named [redacted] who now operates the Sabine House Movers.

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The letter further sets out that MARSHALL W. AMIS was director of the Public Housing Administration, Fort Worth Regional Office, during World War II and soon afterwards was made head of the agency's legal staff in Washington, D. C., but had been downgraded to his old job after the EISENHOWER administration took over.

stated that he was of the opinion that MARSHALL W. AMIS had made an investigation on the Orange, Texas matter.

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No further action is being taken on this matter by the Federal Bureau of Investigation.

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 3 1962

TELETYPE

Mr. Tolson	_____
Mr. Belmont	_____
Mr. Mohr	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. DeLoach	_____
Mr. Evans	_____
Mr. Malone	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

URGENT 5-3-62 1-28 PM JLW

TO DIRECTOR 4 AND SACS DALLAS AND EL PASO

FROM SAC NEW YORK 87-26066 2P

BILLY SOL ESTES, ET AL

ITSP - MF., CONSPIRACY

/OO - EL PASO/

BILLY SOL ESTES, ET AL

BRIBERY - CONFLICT OF INTEREST

/OO - DALLAS/

RE BUREAU TEL CALL TO NEW YORK, FIVE THREE SIXTYTWO.

RE BUREAU CALL REQUESTED IDENTITY OF OFFICERS AND DIRECTORS
COMMERCIAL SOLVENTS CORPORATION /CSC/ AND INFORMATION AS TO WHETHER
OR NOT ANY OF THE SUBJECTS OF THIS CASE HAVE ANY FINANCIAL
CONTROL OF CSC.

[REDACTED] CSC, FURNISHED A COPY OF CSC-S
ANNUAL REPORT OF NINETEEN SIXTYONE.

END PAGE ONE

REC-116

29-28704-189
18 MAY 4 1962

67 MAY 9 - 1962

PAGE TWO

THIS REPORT REFELCTED THE FOLLOWING OFFICERS AND DIRECTORS...
OFFICERS...



b6
b7C

WALTER C. BERGER



MEMBERS OF EXECUTIVE COMMITTEE...



EXECUTIVE COMMITTEE/

END PAGE TWO

PAGE THREE

ADVISED THAT NEITHER ESTES NOR ANY OF THE OTHER SUBJECTS IN INSTANT CASES ARE PRESENTLY STOCKHOLDERS OF RECORD IN CSC. HE ADVISED THAT HE IS CHECKING AVAILABLE RECORDS /WHICH COVER PAST THREE YEARS/ TO DETERMINE IF ANY OF THESE PERSONS HAVE EVER BEEN OWNERS OF RECORD OF CSC STOCK AND IF SO WILL ADVISE.

ESTES MAY HAVE SUICIDAL TENDENCIES.

END

NY R 4 WA JDS

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NYA 2 221
REC'D 11 11 11
11 11 11

NA 3313
6/10/62
FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 3 1962

TELETYPE

Mr. Tolson
Mr. DeLoach
Mr. Mohr
Mr. Bishop
Mr. Casper
Mr. Callahan
Mr. Conrad
Mr. Felt
Mr. Gale
Mr. Rosen
Mr. Sullivan
Mr. Tavel
Mr. Trotter
Tele. Room
Miss Holmes
Miss Gandy

URGENT 5-3-62 2-31 PM MST JRH

TO - DIRECTOR, FBI

FROM- SAC, EL PASO "29-351" 1-P

BILLIE SOL ESTES, ET. AL., ITSP - MF, CONSPIRACY. OO - EL PASO.

FOR INFORMATION OF BUREAU, ON MAY TWO LAST, CARROLL H. ROBERTS, PROFESSIONAL STAFF, U. S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS OF COMMITTEE ON GOVERNMENT OPERATIONS, DALLAS, PERSONALLY CALLED THE EL PASO OFFICE INDICATING INTEREST IN ACTIVITIES OF GEORGE A. KRUTILEK, DECEASED, IN CONNECTION WITH ESTES CASE.

ALL PERTINENT INFORMATION RE KRUTILEK IS IN REPORT OF SA [REDACTED] EL PASO, APRIL TWELVE LAST, IN ESTES CASE.

b6
b7C

ROBERTS WAS COURTEOUSLY INFORMED OF EXISTING INSTRUCTIONS THAT REQUESTS OF THIS NATURE SHOULD BE MADE THROUGH ESTABLISHED CHANNELS, HIS HEADQUARTERS, WASHINGTON. HE SAID HE HAD NO SPECIFIC QUESTIONS AND DID NOT DISCLOSE HIS INTEREST OTHER THAN ESTES CASE. ABOVE SUBMITTED IN ACCORDANCE WITH SAC LETTER FIFTYSEVEN DASH EIGHT, PARAGRAPH K.

REC-116

ESTES MAY HAVE SUICIDAL TENDENCIES.

END

13 MAY 4 1962

~~CORR LINE 4 LAST WORD "S" SHLD BE OMITTED AND LINE 5 WORD 8 SHLD ZINDICATING"~~

END AND ACK PLS
62 MAY 8 1962
5-37 PM OK FBI WA DA

cc: Curran

5/3/62

Airtel

To: SACS, Dallas
Washington Field

From: Director, FBI

BILLIE SOL ESTES, ET AL.
ITSP

Re Dallas tel 4/18/62.

Information has previously been received by the Dallas Office from Neiman-Marcus records that two size 41 suits were mailed to Estes at the Washington Hotel, Washington, D. C. These suits were probably purchased by Estes for Ralph.

Since no record has been located to indicate these suits received at the Washington Hotel, Dallas attempt through the Post Office Department to determine if this package was insured and if it could possibly be traced through the insurance number. Dallas set out appropriate leads to follow through on this phase and keep Bureau and interested offices advised. Estes may have suicidal tendencies.

GEB: kak
(6)

REC-21

29-28704-191

EX-13

MAY 3 1962

MAILED 6

MAY 3 - 1962

COMM-FBI

MAIL ROOM ☒ TELETYPE UNIT ☐

MAY 9

- Tolson _____
- Belmont _____
- Mohr _____
- Callahan _____
- Conrad _____
- DeLoach _____
- Evans _____
- Malone _____
- Rosen _____
- Sullivan _____
- Tavel _____
- Trotter _____
- Tele. Room _____
- Holmes _____
- Gandy _____

5/3/62

Airtel

To: SAC, Washington Field

From: Director, FBI

BILLIE SOL ESTES
ITSP - BRIBERY

With reference to the contemplated interview of William E. Morris, the following instructions and information are being set out.

1. The Department of Justice has advised that the records of the Morris hearing previously furnished to the Washington Field and information obtained from the Department of Agriculture by Washington Field can be used without restriction in connection with Morris' interview.

2. The Department advised that in view of the Attorney General's expressed interest in this phase of the investigation, Morris should be interviewed in any possible way, (a) either with or without his attorney present, (b) either under oath or without such a formality.

3. After the interview of Morris, results should be immediately reduced to a letterhead memorandum and forwarded by most expeditious means to the General Investigative Division at the Bureau.

4. The interview should be conducted during normal business hours.

In accordance with previous Bureau instructions, this matter should be handled immediately.

REC-21

29-28704-192

101-13

19 MAY 3 1962

TWC: kak
(4)

3 MAY 9 1962

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MAY 3 - 1962
COMM-FBI

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Tele. Room _____
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Gandy _____

May 3, 1962

AIRTEL

To: SAC, Washington Field

From: Director, FBI

BILLIE SOL ESTES
ITSP - BRIBERY

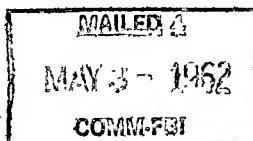
Reference letterhead memorandum submitted by Washington Field May 1, 1962, in the captioned case, which lists on page three four documents which Hales advised concerned possible favoritism to Estes by the Department of Agriculture.

Reference Bureau telephone call of May 3, 1962. Washington Field Office should make immediate arrangements to contact Secretary of Agriculture Freeman and obtain these documents for forwarding to the Department of Justice. There is attached a copy of a Departmental request for additional investigation.

TWC:ige
(4)

Enclosure

Tolson _____
Belmont _____
Mohr _____
Callahan _____
Conrad _____
DeLoach _____
Evans _____
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Sullivan _____
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Tele. Room _____
Holmes _____
Gandy _____



EX-115

MAIL ROOM ☒ TELETYPE UNIT ☐

REC-9

29-28704-193

MAY 4 1962

UP

5/7/62

PLAIN TEXT

TELETYPE

URGENT

TO SAC EL PASO (29-351)

EX-114 REC-138
FROM DIRECTOR FBI (29-28704) 194

BILLIE SOL ESTES; ET AL.; ITSP DASH MF; CONSPIRACY.

REURLET MAY ^{Two} FIVE SIXTY TWO SUBMITTING PHOTOCOPIES OF
CONTRACTS FOR LABORATORY EXAMINATION. IN VIEW OF FORGERY ASPECT
ORIGINAL DOCUMENTS ARE ESSENTIAL FOR LABORATORY EXAMINATION.
ANY KNOWN SIGNATURES OF ESTES SHOULD ALSO BE OBTAINED. REPORT
AND EVIDENCE TO FOLLOW.

FMD:IMH
(5)

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 7 1962

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MAIL ROOM ☐ TELETYPE UNIT ☒

RECEIVED - COMMUNICATIONS SECTION
MAY 7 1962

RECEIVED - COMMUNICATIONS SECTION
MAY 7 1962

CONFIDENTIAL

UNITED STATES GOVERNMENT

Memorandum

TO : DIRECTOR, FBI (29-28704)
ATTN: FBI LABORATORY

DATE: 5/2/62

FROM : SAC, EL PASO (29-351)

SUBJECT: BILLIE SOL ESTES; ET AL
ITSP - MF; CONSPIRACY

394281

OO: EL PASO

Enclosed herewith to the Bureau are the following photographic copies:

1. Contract dated 11/16/60.
2. Contract dated 11/23/60.
3. Contract dated 9/22/61.

The FBI Laboratory is requested to examine the BILLIE SOL ESTES signatures appearing on the enclosed three contracts in an effort to determine whether all three signatures were written by the same person. Information has been developed that the BILLIE SOL ESTES signature on the 11/23/60 contract is a forgery. Return the three enclosures to the El Paso Office.

ESTES MAY HAVE SUICIDAL TENDENCIES.

- ② - Bureau (Enclosure) (REGISTERED)
1 - El Paso

JRM/jcs
(3)

Ans. by
Teletype
5/7/62
L. W. rpt
5/8/62

EX-115

3 28

29-28704-194
MAY 4 1962

RECEIVED

SLX

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. Belmont

DATE: April 30, 1962

FROM : A. Rosen

SUBJECT: **BILLIE SOL ESTES**
INTERSTATE TRANSPORTATION
OF STOLEN PROPERTY - BRIBERY

Tolson	_____
Belmont	_____
Mohr	_____
Callahan	_____
Conrad	_____
DeLoach	_____
Evans	_____
Malone	_____
Rosen	_____
Sullivan	_____
Tavel	_____
Trotter	_____
Tele. Room	_____
Holmes	_____
Gandy	_____

PURPOSE

This is being prepared to point out that the captioned investigation involving Estes has so many tangents unrelated to FBI jurisdiction that it is necessary to make a clear-cut delineation of the Bureau's responsibilities and to indicate action we are taking in accordance with Departmental direction which we have confirmed in writing.

Estes' operations were on a multimillion dollar scale, by which he built a fabulous empire. In so doing there is no question at this point that he has violated ordinances, laws, and/or regulations coming under the primary jurisdiction of many state and Federal agencies. It is felt the Bureau's position should be clearly stated to fully protect our interests and set up a clear-cut picture of our responsibilities. It should be noted that it was the Bureau's investigation which culminated in the arrest by Bureau Agents and the subsequent indictment of Estes and three of his cohorts which pulled the "kingpin" out of the scheme and resulted in the complete collapse of the Estes empire.

The publicity resulting from our investigation has to date been completely favorable. It has extended throughout the entire country. Many articles, editorials, and cartoons have been devoted to praise of the FBI and the Director for prompt action in destroying this nefarious conspiracy, which action resulted in the above arrests and indictment.

SUBSEQUENT DEVELOPMENTS

EX-105

REC-28

The State of Texas, through its Attorney General, Will Wilson, probably in an attempt to garner publicity for Wilson's present gubernatorial campaign, set up a series of public hearings. Wilson produced a parade of witnesses, including high Department of Agriculture officials, and conducted the hearings in such a way that a definite stigma was attached to the Department of Agriculture employees. The implications made by Wilson during his press releases, some of which we know

1 - Mr. Evans
1 - Mr. DeLoach
TWC:ige

(8) 67 MAY 11 1962

RECEIVED-DIRECTOR

MAY 7 1962

Memorandum to Mr. Belmont
Re: BILLIE SOL ESTES

now to be slanted if not false, were such that in the public's mind there was a clear-cut indication of bribery by Estes. For this reason, it became necessary for us as part of our investigation of the substantive offense for which Estes was indicted to enlarge our inquiry to specifically review the activities of three Department of Agriculture officials. We have definitely established the fact that these officials accepted gifts and gratuities from Estes, but without proof of official action by them in Estes' favor this does not constitute bribery. In view of the wide public demand, it is felt we were and are on firm ground in proceeding with our investigation of these three individuals. We recognized that a clear-cut line of demarcation between our responsibilities and those of other agencies was established. As previously stated in connection with the three individuals whom we did investigate, the allegations were such as to warrant action, which was immediately taken and followed through. The Department was made aware of our plans upon inception of the investigation and was thoroughly in accord.

Our investigation of the bribery matter has been completed as far as proof that the individuals involved accepted gifts. It is now necessary in order to prove a bribery to obtain proof that these individuals took official action in Estes' favor. This proof can only come from the Department of Agriculture files. We will handle requests from the Department, which is our only source for leads to the bribery, as soon as they are received. There are presently no Departmental requests on hand.

CURRENT PROBLEM

Estes to this day is involved in extensive correspondence and maneuvers in connection with his operations. There is open speculation in the press that the Department of Agriculture may be under pressure from the many Estes creditors to keep Estes going in order to pay off the huge sums which he obtained by fraud.

BRIEF SUMMARY OF THE ESTES SCHEME

A brief summary of the Estes scheme is as follows: He mortgaged nonexistent fertilizer tanks to obtain monies to build granaries which he subsequently filled with Government-owned wheat, which he had sold to the Government. A further indication of the complexity of his schemes is demonstrated by the fact that in connection with cotton allotments on over 3,000 acres more than 100 farmers in Georgia, Alabama, Oklahoma, and Texas made contracts to transfer their allotments to the benefit of Estes. His operations ran from control of a mortuary parlor to the proposed establishment of a life insurance company. Thus, the longer he was allowed to go on, the more complex his operation had to become in order to keep the scheme going. At the present

Memorandum to Mr. Belmont
Re: BILLIE SOL ESTES

time since the collapse of the scheme through our investigation, there are investigations being conducted by the Department of Agriculture, the Internal Revenue Service, the McClellan Committee, the General Accounting Office, and two or more agencies in the State of Texas.

Of the agencies named above, each has a very definite interest and responsibility concerning Estes' operations.

The State of Texas is concerned with his operations through the many corporations, independent businesses and manipulations which took place. The State Attorney General's Office is presently extensively inquiring into his activities. The collapse of the Estes operation could well lead to the bankruptcy of an entire cotton-growing area. Efforts are also being made by Texas interests to preserve and salvage whatever assets there are and the services of one of the largest cotton operators in the world have been obtained to operate his cotton interests. This will continue as long as Estes is under indictment and investigation by various agencies and committees.

Because the Internal Revenue Service, the Department of Agriculture, the McClellan Committee, the General Accounting Office and others will continue to be deeply concerned and active in regard to the various operations of Estes, we have been most careful to insure that there will not be any unwarranted shifting of responsibilities by these agencies to the FBI. So far we have carried out our investigation in a direct, forceful and aggressive manner, and we will continue to do so. We have taken the position that it is not our responsibility to police, administratively review all rumor or bits of gossip which might come out of the hearings by the afore-mentioned agencies and committees. We have taken the position that if there is sufficient evidence within our jurisdiction, as in the case of the three Department of Agriculture officials, we would proceed with an investigation immediately and immediately take the matter up with the Department so it would be aware of our action.

ACTION TAKEN TO KEEP DEPARTMENT ADVISED OF DEVELOPMENTS

We have kept the Department continually informed by having all reports prepared on an expedite basis. They are hand-carried to the appropriate Departmental officials as soon as they arrive in the office. This avoids any delay in routing and puts the Department on continuous notice of all developments in the case. This is aside from memoranda to the Attorney General and other Departmental officials. The Department of Agriculture on April 16, 1962, was advised by the Department of Justice of the need for compliance with the provisions of Section 311a, Title 5, U. S. Code. (This section requires that alleged violations of the Federal

Memorandum to Mr. Belmont
Re: BILLIE SOL ESTES

law by Government officials must be submitted to the Department of Justice.) The Department letter also specifically instructs the Department of Agriculture to bring any violations to the attention of either the Department of Justice or the FBI. The Department of Agriculture is reviewing its files and supplying reports directly to the Department of Justice. This procedure is in accord with the Department's desires.

It is felt that this policy is sound for the reason that the only officials who can determine from the files of the Agriculture Department whether Estes was favored by official action would be those persons who are familiar with all Agriculture regulations, rules and laws. Further, under the law they are required to proceed by finding their own transgressions and submitting them to the Department of Justice for appropriate consideration.

In order to avoid making all the material that we have amassed available to persons in Agriculture who may be implicated or may leak the material to the press, arrangements have been made so that we will supply the Department of Justice with all reports and it is their responsibility to decide what the Department of Agriculture should or should not get. So that there can be no misunderstanding concerning this, the Attorney General and the Secretary of the Department of Agriculture were advised by individual letters dated April 26, 1962, that evidence developed during the FBI investigation would be sent to the Criminal Division of the Department. Further, that it is the responsibility of the Criminal Division to handle any Department of Agriculture request for information from the reports.

It is noted that Section 311a of Title 5, U. S. Code, referred to above, is limited to criminal violations by Federal employees. Government agencies are already under the legal obligation to refer to us any violations within our jurisdiction pertaining to other than Government employees.

As the Department of Justice receives material from the Department of Agriculture and the FBI, it is being reviewed within the Department. After their review, if investigation is warranted they will forward an appropriate request for such investigation. We will hold to this procedure as it concerns the possible bribes and miscellaneous complaints arising from the complexity of Estes' operations. This is necessary since there is considerable doubt whether violations in our jurisdiction exist. This will not interfere with our vigorously continuing investigation of the swindle schemes utilized by Estes where they are clearly within our primary jurisdiction.

In response to any inquiries which may arise at a later date, we will be able to state the FBI properly handled all matters either referred to it for action

Memorandum to Mr. Belmont
Re: BILLIE SOL ESTES

or which are under our primary jurisdiction. Any request from the Department for investigation will be handled promptly, thoroughly, and with the highest priority in any office involved.

ACTION TAKEN TO DATE

We were first in successfully obtaining at a very early date proof of the interstate transportation of fraudulent documents by Estes which is a violation of a statute under our primary jurisdiction. We proceeded to make arrests with proper authorization and to subsequently indict and hold on very high bail Estes and his coconspirators. The high bail plus the subsequent publicity thereafter put a stop to the scheme and prevented further fraud.

The results of any hearings held in the State of Texas are being obtained by the Criminal Division of the Department.

The three Agriculture officials have been the subject of administrative action and inquiry within the Department of Agriculture. These inquiries will undoubtedly lead to more action within Agriculture.

All reports prepared by FBI have been submitted to the Criminal Division of the Department of Justice for appropriate action.

Estes was also indicted on 4/26/62 by a Reeves County, Texas, Grand Jury for allegedly stealing \$828,577 from six Texas farmers by selling "phantom" fertilizer tanks.

From a review of the articles we have received at the Bureau, it is obvious that the press and the public are thoroughly convinced that FBI investigation in this case set off a chain reaction of legal moves by Federal and local authorities which will permanently destroy the paper empire of Billie Sol Estes and prevent further fraud.

R



UBW

TC

V

Memorandum

TO : Mr. Belmont *aw*

DATE: 5/1/62

FROM : C. A. Evans

SUBJECT: BILLIE SOL ESTES
INTERSTATE TRANSPORTATION
OF STOLEN PROPERTY - BRIBERY

Tolson ☒
 Belmont ☒
 Mohr ☒
 Callahan ☒
 Conrad ☒
 DeLoach ☒
 Evans ☒
 Malone ☒
 Rosen ☒
 Sullivan ☒
 Tavel ☒
 Trotter ☒
 Tele. Room ☒
 Holmes ☒
 Gandy ☒

Assistant Attorney General Miller telephoned and advised he had been discussing this case with the Attorney General. He said the Attorney General was greatly interested in this investigation and had expressed the hope that the FBI was "going ahead full speed."

I told Miller that this was not a proper characterization of our present role in this matter as we were awaiting advice from the Criminal Division on several matters. It was specifically pointed out to Miller that with regard to the original charge against Estes and his associates which involved the interstate transportation of forged securities this had, of course, been presented to the grand jury and indictments returned; that additional investigation necessitated by the grand jury action and to get this case ready for trial was, of course, being promptly handled.

Miller was informed that his interest and that of the Attorney General might well relate to the tangential aspects of this case, namely the gifts received by the employees and officers of the Department of Agriculture plus the allegations which had been made concerning Congressmen Anderson and Whitten. With reference to the gifts to the Agriculture people Miller was informed we had finished our investigation which showed that these gifts had been received. These reports have been furnished to the Criminal Division and we are awaiting a legal opinion as to whether receipt of the gifts involves bribery. This determination will have to be made by the Criminal Division predicated on information from the Agriculture Department as to the duties and authority of the particular agriculture employees involved.

With regard to the two Congressmen, Miller was told we had furnished the information received to the Criminal Division but that there was no indication of a violation of law within the jurisdiction of the FBI. Accordingly, we are awaiting advice from the Criminal Division as to whether any investigation of the Congressmen is desired.

- 1 - Mr. Mohr
- 1 - Mr. DeLoach
- 1 - Mr. Rosen

CAE:maw

(7) *maw*

67 MAY 11 1962

11 MAY 7 1962

REC-28

28704/96

Memorandum to Mr. Belmont
RE: BILLIE SOL ESTES

Miller said that he had been away from Washington for a week and had not as yet had the opportunity of talking with [redacted] the Criminal Division attorney who is coordinating this matter. Miller is going to have this matter looked into immediately in the Criminal Division and will let us know what, if any, investigation is desired.

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b7c

EPC
✓ H Q This is developing just as I suspected. The A.G. & the public think F.B.I. is primarily responsible for this investigation when as a matter of fact we are not. Other agencies are in it & we are waiting rulings from the Dept. of Justice.

H

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. Belmont

DATE: May 2, 1962

FROM : A. Rosen

SUBJECT: **BILLIE SOL ESTES**
INTERSTATE TRANSPORTATION
OF STOLEN PROPERTY - BRIBERY

Tolson _____
Belmont _____
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Supervisors Curran and Benjamin talked with Attorney [redacted] of the Criminal Division concerning the above-entitled matter today, 5/2/62.

[redacted] stated that hearings were held in the Department of Agriculture on Monday, 4/30/62, at which time William E. Morris talked at length. [redacted] stated that he understood Morris mentioned the names of many important people from the Vice President on down. He indicated that the Attorney General expressed an interest in obtaining a transcript of the hearings but it has been determined that no transcript was made. However, a summary does exist.

[redacted] requested that the FBI obtain this summary and interview Morris based on the contents of the summary.

ACTION TAKEN

The Washington Field Office obtained a summary of the oral interview with Morris by [redacted] Agriculture, [redacted] Assistant General Counsel. Morris [redacted] present at the hearing. At this hearing Morris was given an opportunity to present orally his answers to the charges. The charges against Morris were that he failed to follow official instructions of the Department of Agriculture in that he did not hold himself in readiness for interview on April 13 and the succeeding days. In addition to obtaining a copy of this interview, [redacted] also furnished information concerning statements made by Morris relative to a number of political figures such as Congressmen H. Carl Andersen (R - Minnesota), Jamie L. Whitten (D - Mississippi), Ed Edmonson (D - Oklahoma), and George H. Mahon (D - Texas), and Vice President Johnson, and others unnamed.

Special Agents Curran, Benjamin, and Shannon had a conference with [redacted] of the Department today concerning the proposed interview of William E. Morris.

1 - Mr. Mohr
1 - Mr. Evans
1 - Mr. DeLoach

TWC:jge

(9) 67 MAY 11 1962

EX-105

REC-28

11 MAY 7 1962

CC MR. TOLSON

Memorandum to Mr. Belmont
RE: BILLIE SOL ESTES

Specific questions were raised to be resolved prior to the attempt to interview Morris.

1. [] said that he had complete assurance from Mr. Bagwell, ^{b6}
the Chief Counsel for the Department of Agriculture, that the records of the ^{b7c}
hearing and other information on which we were to base our interview had no
restrictions on them as to our use.

2. [] stated that in view of Attorney General's expressed
interest in this phase of the investigation he felt that Morris should be
interviewed in any possible way; (a) either with or without his attorney;
(b) either under oath or without such a formality.

3. [] stated that the FBI investigation of this phase
could be terminated after the interview of Morris. The material obtained
should then be submitted to the Department, which would review it and
advise if further investigation is to be conducted.

ACTION TO BE TAKEN

Morris will be interviewed as requested by the Department of
Justice by Agents of the Washington Field Office. Washington Field will
expeditiously handle this matter and you will be advised of pertinent
developments.

JP
R Wm
Ch
V. Kerne
Note this is another
"limited" investigation
in the Estes matter -

The Attorney General

May 7, 1962

Director, FBI

**BILLIE SOL ESTES
INTERSTATE TRANSPORTATION
OF STOLEN PROPERTY - BRIBERY**

William E. Morris, an Agriculture Department employee who accepted gifts from Estes, has refused to be interviewed by the FBI. As a result of administrative action by the Department of Agriculture, he is being discharged from his job effective May 18, 1962.

We received a request from the Criminal Division on May 2, 1962, for investigation limited to an interview of Morris concerning statements he made at a Department of Agriculture hearing on Monday, April 30, 1962, and to secure a summary of the hearing. Morris was contacted on the morning of May 3, 1962, to arrange for an interview and he referred us to [redacted], who advised that he could not consent to the interview of Morris by the FBI.

Morris appeared at a Veterans Preference hearing held by the Department of Agriculture. Procedures were such that no cross-examination was conducted and Morris and/or his attorney made many comments which were not the subject of further questioning. Some results of the hearing were made part of a summary and there was no transcript of the entire proceedings.

The summary was confined to material pertinent to the hearing and only contains one allegation by Morris. The summary states, "He met Congressman Andersen at the latter's request at 4:00 p.m. on Saturday, April 14, 1962, at the Rosslyn Hot Shoppe, at which time Andersen continued to urge that since the matter of the trip to Texas had not been brought out Mr. Morris not reveal it."

Assistant General Counsel [redacted] Department of Agriculture, took a series of notes which were not included in the summary. He was interviewed and pointed out that he took the notes under considerable difficulty since Morris was a very fast talker. [redacted] is maintaining his notes in this matter.

1 - Mr. DeLoach

1 - Mr. Evans

TWC:ige (12)

Note: See memo Rosen to Belmont, 5/4/62, TWC:ige

MAIL ROOM ☐ TELETYPE UNIT ☐

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MAY 8 - 1962
COMM-FBI

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67 MAY 8 - 1962

The Attorney General

[redacted] notes showed the following material concerning allegations by Morris and/or his attorney:

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Morris stated that he received a telephone call on Thursday, April 12, 1962, from Congressman Jamie Whitten, who indicated that Congressman George Mahon of Texas was disturbed lest Morris reveal that Mahon had relations with Estes.

Morris stated that [redacted] in Senator Yarborough's office contacted Morris and asked him to please not mention "our" connection with Estes.

b6
b7C

Morris said that there was a Congressman, name not divulged, who had asked Morris to check on the status of his printing that he was having Estes do. This was at the time that Morris was on a trip to Texas with Congressman Andersen. Morris said that if he had gone to Texas (meaning to appear before the Texas Board of Inquiry) he would have had to say that Yarborough and Rutherford pressured on the cotton deal; that he would have had to say that Estes purchased a thousand dollars worth of tickets for Democratic dinners. [redacted] said that Morris may have said the purchase of tickets was from ~~from Vice~~ President Johnson's office and that later [redacted] Morris [redacted] said that he, Morris, did not want to say that Estes got money from the Vice President's office.

b6
b7C

Morris used the name of Edmondson as an individual who had contacted him by telephone to request him not to reveal that any pressure in the Estes matter had been exerted by Edmondson.

Morris, in a statement to the Department of Agriculture, referred to the purchase of stock in a coal mine from H. Carl Andersen (Republican - Minnesota). According to Morris, Andersen had previously contacted Estes about January, 1962, and thereafter, Andersen advised Morris that he had received a check for \$1,500 from Estes. Morris stated that Congressman Andersen asked him many times when Estes was coming to town and supplied him with information for a letter Andersen wanted Morris to write to Estes. This letter concerned the possible purchase of stock from Andersen. Morris said he sent this letter out in early March, 1962, that Estes did not respond to the letter, and that thereafter Morris bought airline tickets for Andersen and himself to visit Estes. According to Morris, Andersen paid him back for the airline ticket. (A copy of the letter referred to appeared in the Texas

The Attorney General

newspaper as a result of the Texas hearings and a copy is attached.)

It appears from our contacts with Morris that the only possibility of obtaining information from him would be before a grand jury.

The summary and complete details are being sent to the Department separately.

Enclosure

- 1 - The Deputy Attorney General
- 1 - Mr. Herbert J. Miller, Jr.
Assistant Attorney General

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. Belmont

DATE: May 3, 1962

FROM : A. Rosen

SUBJECT:

BILLIE SOL ESTES
INTERSTATE TRANSPORTATION
OF STOLEN PROPERTY - BRIBERY

Tolson _____
Belmont _____
Mohr _____
Callahan _____
Conrad _____
DeLoach _____
Evans _____
Malone _____
Rosen _____
Sullivan _____
Tavel _____
Trotter _____
Tele. Room _____
Holmes _____
Gandy _____

This is to set forth information concerning Commercial Solvents Corporation, New York, which appears to have had an important part in the Estes case. We are presently reviewing all of the CSC's dealings with Estes and have been advised that additional information is in the possession of James Naughton, Counsel for the Fountain Committee on Intergovernmental Relations, Subcommittee of the Committee of Government Operations. He will be interviewed by Washington Field Office Agents.

BACKGROUND

The Department of Agriculture has advised that James Naughton, Counsel for the Fountain Committee, stated that Walter Berger and James McConnell, Directors of Commercial Solvents Corporation, had been ^{successive} heads of the Agricultural Stabilization and Conservation Service. Naughton alleged that Commercial Solvents Corporation obtained an assignment from the Department of Agriculture for moneys owed to Estes by the Department of Agriculture. Edward M. Loweree, Chief, Division of Investigation, U. S. Department of Agriculture, stated he does not know if the Department of Agriculture would have authority to grant such assignments.

ACTION TAKEN

We are investigating all connections between Commercial Solvents Corporation and Estes. It has already been noted that the transactions between the two will amount to an excess of six million dollars.

WFO will contact Mr. Naughton for any information pertinent to our investigation.

1-Mr. DeLoach
1-Mr. Evans
1-Liaison Section

TWC:ejf
(9)

51 MAY 18 1962

REC-52

MAY 8 1962

EX-114

SIX

5/7/62

Airtel

To: SAC, Washington Field

From: Director, FBI

BILLIE SOL ESTES
ITSP - BRIBERY

Enclosed is the original and four FD-302s reflecting an interview between Dr. James T. Ralph and SA [redacted] of the Seat of Government.

Ralph, who is currently involved in captioned investigation [redacted] SA [redacted] [redacted] Virginia. On the evening of 5/5/62 Ralph contacted [redacted] and volunteered the information reflected in the enclosed FD-302.

Also for your information, Ralph confidentially advised [redacted] has been served with a subpoena to appear before the [redacted] State Investigating Committee 5/8/62. He added that [redacted] certainty that he would be required to appear on that [redacted] date, but that if he contemplated any travel outside of Washington, he should keep the Committee advised so they can inform him of the specific time he should be prepared to appear.

Enclosures (5)

1 - General Investigative Division

TRD:rmk
-5-

EX-105

REC-21

29-28704-200

MAILED 31

MAY 7 - 1962

COMM-FBI

Tolson _____
Belmont _____
Mohr _____
Callahan _____
Conrad _____
DeLoach _____
Evans _____
Malone _____
Rosen _____
Sullivan _____
Tavel _____
Trotter _____
Tele. Room _____
Holloman _____
Gandy _____

53 MAY 16 1962

MAIL ROOM ☒

TELETYPE UNIT ☐

PPH

PLAIN TEXT

5/8/62

TELETYPE

URGENT

TO SACS DALLAS (58-188)
EL PASO (29-351)
NEW YORK

FROM DIRECTOR FBI (29-28704)

BILLIE SOL ESTES, AKA., ET AL.; ITSP; BRIBERY.

IT IS REPEATED THAT ALL OFFICES, DURING COURSE OF THIS INVESTIGATION SHOULD BE ALERT FOR ANY EVIDENCE INDICATING POSSIBLE VIOLATION OF OTHER FEDERAL STATUTES OVER WHICH THE FBI HAS INVESTIGATIVE JURISDICTION. ANY SUCH INFORMATION SHOULD IMMEDIATELY BE BROUGHT TO THE ATTENTION OF THE BUREAU. ONE COPY TO WFO BY MAIL.

1 - WASHINGTON FIELD (BY MAIL)

19 MAY 9 1962

FDT:bm
(4)

NOTE: Reports and other communications received in this case are carefully reviewed to detect other possible violations over which we have jurisdiction, but it is deemed advisable at this time to re-emphasize this point in teletype to field.

U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 8 1962
TELETYPE 30/0

MAIL ROOM ☐ TELETYPE UNIT ☒

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 8 1962

TELETYPE *ml*

URGENT 5-8-62 8-30 PM NH

TO SACS, DALLAS /58-188/ EL PASO /29-351/ NEW YORK WASHINGTON FIELD
FROM DIRECTOR /29-28704/ 1 P

BILLIE SOL ESTES, AKA., ET AL., ITSP, BRIBERY.

IT IS REPEATED THAT ALL OFFICES, DURING COURSE OF THIS
INVESTIGATION SHOULD BE ALERT FOR ANY EVIDENCE INDICATING
POSSIBLE VIOLATION OF OTHER FEDERAL STATUTES OVER WHICH THE FBI
HAS INVESTIGATIVE JURISDICTION. ANY SUCH INFORMATION SHOULD
IMMEDIATELY BE BROUGHT TO THE ATTENTION OF THE BUREAU. ONE
COPY TO WFO BY MAIL.

END ACK PLS

EP OK FBI EP RAR

DL OK FBI DL TEW

TU

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 8 1962

TELETYPE *ml*

URGENT 5-8-62 8-17 PM NH

TO SACS DALLAS /58-188/ EL PASO /29-351/ NEW YORK /19/

WASHINGTON FIELD

FROM DIRECTOR /29-28704/ 1 P

BILLIE SOL ESTES, AKA., ET AL., ITSP, BRIBERY.

IT IS REPEATED THAT ALL OFFICES, DURING COURSE OF THIS INVESTIGATION SHOULD BE ALERT FOR ANY EVIDENCE INDICATING POSSIBLE VIOLATION OF OTHER FEDERAL STATUTES OVER WHICH THE FBI HAS INVESTIGATIVE JURISDICTION. ANY SUCH INFORMATION SHOULD IMMEDIATELY BE BROUGHT TO THE ATTENTION OF THE BUREAU. ONE COPY TO WFO BY MAIL.

END ACK PLS

WA R 19 NY JAA

RECEIVED DIRECTOR
F.B.I.

MAY 10 8 10 AM '62

Tolson ☒
 Belmont ☒
 Mohr ☒
 Callahan ☒
 Conrad ☒
 DeLoach ☒
 Evans ☒
 Malone ☒
 Rosen ☒
 Sullivan ☒
 Tavel ☒
 Trotter ☒
 Tele Room ☒
 Holmes ☒
 Gandy ☒

No Favoritism, Department Says

The Agriculture Department reported yesterday that evidence it has "to date" indicates no favoritism was shown Billie Sol Estes. But, it said, the FBI has been requested to investigate some Agriculture employees, the Department still is looking into Mr. Estes' multi-million dollar grain storage operations, and inquiry into his cotton operations also is still incomplete.

Rod Leonard, assistant to Agriculture Secretary Orville L. Freeman, said "the investigations made thru regular sampling techniques of the grain storage facilities once owned or controlled by Mr. Estes shows to the satisfaction of the specialists in the Department that all the grain we have stored there is there and is in good condition. There is no evidence of favoritism in the handling of grain shipments to or from Mr. Estes' elevators."
(UPI)

Every effort is being made to pass the buck to the FBI in this matter. Be sure we clear our desks promptly & thoroughly of any investigating angles & proper jurisdiction.

DELOACH

M. J. [unclear]
WaltC. [unclear]
file

The Washington Post and Times Herald
 The Washington Daily News
 The Evening Star
 New York Herald Tribune
 New York Journal-American
 New York Mirror
 New York Daily News
 New York Post
 The New York Times
 The Worker
 The New Leader
 The Wall Street Journal
 The National Observer
 Date

EX - 132

XEROX
MAY 10 1962
Rep

REC-71 29-28704-202

XEROX
MAY 10 1962

MAY 9 1962

MAY 1 1962

67 MAY 14 1962

UNRECORDED COPY FILED IN 62-2578

declassified
as not good
copy

Mr. Herbert J. Miller, Jr.
Assistant Attorney General

May 5, 1962

Director, FBI

**BILLIE SOL ESTES
INTERSTATE TRANSPORTATION OF
STOLEN PROPERTY - BRIBERY**

This is to confirm the telephonic conversation between
[redacted] of the Criminal Division of the Department
of Justice and SA [redacted] of this Bureau.

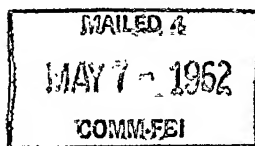
Pursuant to [redacted] request arrangements were
made to secure a copy of the transcript of the Court of Inquiry
hearings and these will be made available to the Criminal Division
as soon as possible. It is estimated that the total cost will run
between \$150.00 and \$200.00 and instructions have been given
that this is to be billed to the Department of Justice.

These will be brought to Washington, D. C., by expedite
means and will be made available to you as soon as possible.

1 - Mr. DeLoach
1 - Mr. Evans

WBW:jlt
(10)

See cover memo Rosen to Belmont
5/4/62, WBW:jlt.



Tolson _____
Belmont _____
Mohr _____
Callahan _____
Conrad _____
DeLoach _____
Evans _____
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Holmes _____
Gandy _____

MAIL ROOM ☐ TELETYPE UNIT ☐

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FBI
REC-READING ROOM

EX-100
FBI
REC'D MAIL ROOM

REC-20

19 MAY 8 1962

29-23764-203

FEDERAL BUREAU OF INVESTIGATION

Reporting Office EL PASO	Office of Origin EL PASO	Date 5/7/62	Investigative Period 5/3/62
TITLE OF CASE BILLIE SOL ESTES; ET AL		Report made by SA 	Typed By jcs b6 b7c
		CHARACTER OF CASE ITSP - MAIL FRAUD; CONSPIRACY	

Synopsis:

REFERENCE

Bureau teletype to Dallas, El Paso, New York,
and New Orleans dated 5/1/62.

- P -

ADMINISTRATIVE DATA

Investigation set forth in this report concerns only
inquiries made with regard to the Commerical Solvents Corporation,
New York, New York. Investigation covering all other phases
is being included in separate reports.

LEADS

DALLAS, NEW YORK AND NEW ORLEANS (INFORMATION):

Copies being furnished these offices for information

Approved <i>[Signature]</i>	Special Agent in Charge	Do not write in spaces below	
Copies Made: ⑥ - Bureau (29-28704) 1 - AUSA, El Paso 3 - Dallas (29-1096) (1 - USA, Dallas) 1 - New York (87-26066) (Info) 1 - New Orleans (Info) <i>OK 10211CE</i> 2 - El Paso (29-351)		29-28704-204	REC-8
		16 MAY 9 1962	
		REC-30	
		EXT 101	

*1 cc kept Dept.
5-11-62
Tmc. inc
2th*

*1 cc (dept.) Dept.
(Curley, Cline, etc)
5/18/62
JAB:inc*

[Signature]
STAT/SECT

EP 29-351

in view of investigation being conducted by these offices
and their interest in this matter.

EL PASO:

AT EL PASO, TEXAS:

Will continue to follow and report investigation
being conducted in the ITSP - Mail Fraud; Conspiracy case
wherein El Paso is Office of Origin.

COVER PAGE

B*

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - AUSA, El Paso
1 - USA, Dallas

Report of: SA [REDACTED]
Date: May 4, 1962

Office: El Paso

b6
b7C

File No.: EP 29-351

Bufile: 29-28704

Title: BILLIE SOL ESTES;
COLEMAN DELBERT MC SPADDEN;
HAROLD EUGENE ORR;
RUEL WADE ALEXANDER;
SUPERIOR MANUFACTURING COMPANY

Character: INTERSTATE TRANSPORTATION OF STOLEN PROPERTY -
MAIL FRAUD; CONSPIRACY

Synopsis: Information pertaining to Commercial Solvents
Corporation, New York City, obtained from [REDACTED]
[REDACTED]

b6
b7C

Commercial Solvents Corporation, at time of interview on
4/17/62, and from [REDACTED]
Estes Enterprises, Pecos, Texas, set forth. ESTES MAY HAVE
SUICIDAL TENDENCIES.

- P -

DETAILS:

AT NEW YORK CITY, NEW YORK AND PECOS, TEXAS:

This document contains neither recommendations
nor conclusions of the FBI. It is the property
of the FBI and is loaned to your agency; it and
its contents are not to be distributed outside
your agency.

Date 4/18/62b6
b7c

[redacted]
[redacted] Commercial Solvents Corporation, was interviewed
[redacted] Present during the interview was [redacted]
[redacted] Commercial Solvents Corporation.
[redacted] advised as follows:

During April or May, 1958, BILLIE SOL ESTES contacted the New York Sales Office of Commercial Solvents Corporation to obtain anhydrous ammonia and during May, June and July of 1958, approximately \$400,000 worth of anhydrous ammonia was furnished. Inasmuch as during this time, ESTES had only paid \$10,000 payment was requested for the balance. During September or October, 1958, ESTES came to New York and had a meeting with the officers of Commercial Solvent Corporation. ESTES requested a \$900,000 deal on a five year arrangement. This \$900,000 was to be made up of the \$400,000 he then owed and \$225,000 cash cash which was to be used as a down payment on a grain elevator and the balance in new anhydrous ammonia credit. For this \$900,000, ESTES gave a second mortgage on the grain elevator and assignment of Commercial credit receipts and chattel mortgages on anhydrous ammonia storage tanks. This \$900,000 was to be paid back in yearly installments of \$180,000. This \$180,000 was to be taken out of the Commercial credit receipts.

The company entered into the above arrangement inasmuch as they were interested in establishing a market in the Southwestern United States for anhydrous ammonia fertilizer. The company believed that they could market this anhydrous ammonia effectively through BILLIE SOL ESTES' and that inasmuch as they had secured paper to back up their outstanding obligations, they felt in a secure position. The company at no time relied upon ESTES reported net worth in granting any of the credit that was granted to him. During 1959 a large amount of anhydrous ammonia was shipped to BILLIE SOL ESTES and the company became alarmed inasmuch as they became aware of the fact that BILLIE SOL ESTES had an outstanding balance of approximately \$3,500,000. ESTES was requested to come to New York to meet with the officers

On 4/17/62 at 260 Madison Avenue, NYC, NY File # NY 87-26066

by SA [redacted] xk Date dictated 4/17/62

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NY 87-26066

of Commercial Solvent Corporation and at that time additional second mortgages on other grain elevators that were owned by BILLIE SOL ESTES were pledged along with deeds of trust on parcels of land, chattel mortgages on anhydrous ammonia and chattel mortgages on the sales contracts of anhydrous ammonia. The company, through their attorneys in Texas, made sure that the mortgages were properly recorded along with the proper recording of the deeds of trust and other chattel mortgages. In 1960, ESTES again contacted the Commercial Solvent Company and requested a new deal for approximately \$12,000,000. At that time, his financial position was reviewed by the company and the company did not feel that any additional deals should be made. Payment for anhydrous ammonia was being made by the assignment of Commercial credit receipts from the elevators owned or operated by ESTES.

The only assistance [redacted] gave ESTES in the setting up of any of his enterprise, was the original set-up for the sale of anhydrous ammonia in Texas. ESTES' present indebtedness to Commercial Solvent Corporation is approximately \$5,600,000. The corporation holds second mortgages on elevators, deeds of trust on parcels of land, chattel mortgages on anhydrous ammonia along with the Commercial credit receipt assignments to back up this outstanding indebtedness. [redacted] advised that the corporation feels that they are in a fairly secure financial position at the present time. He further advised that on April 12, 1962, he testified at a State of Texas Attorney General's Inquest in Dallas, Texas. [redacted] requested that in the event it is necessary for him to testify at a Federal Proceeding concerning his dealings with BILLIE SOL ESTES, a subpoena duces tecum should be directed to him.

[redacted] pointed out that his dealings with ESTES were completely on a business arrangement and that ESTES has also had contact with other officers of the Commercial Solvent Corporation, all of these being on a business arrangement.

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FEDERAL BUREAU OF INVESTIGATION

Date May 4, 1962

[redacted]
Billie Sol Estes Enterprises, [redacted] was advised that he was not required to make any statement either oral or written, however, any statement he made could be used against him in a court of law, and that he was entitled to consult an attorney. [redacted] stated that he already had an attorney and would be very happy to discuss and furnish any information desired concerning Commercial Solvents Corporation at New York City.

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[redacted] stated that to the best of his knowledge, BILLIE SOL ESTES first became involved with Commercial Solvents Corporation sometime in 1958 when he borrowed \$900,000. He stated that the loan was secured and payments of \$180,000 annually were called for under the agreement signed. He stated that payments in this amount were made in 1960 and 1961, and a third payment should have been made in early 1962, however, he had not received any statement from Commercial Solvents Corp. to this effect. He advised that had all three payments been made, it would have amounted to a total of \$540,000, thereby leaving a balance of \$360,000 on the loan.

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[redacted] advised that as of December 31, 1961, Estes Enterprises owed Commercial Solvents Corp. on an open account \$4,042,880.16. He stated that this represented purchases of anhydrous ammonia, HI'D (ammonium nitrate) and also Dixsol, which is a nitrate solution. He stated that these are the only items purchased by Estes Enterprises from Commercial Solvents Corporation. He stated that at the present time, Estes Enterprises owes Commercial Solvents Corporation on the open account a total of \$5,202,457.08. He said that adding in the balance due on the loan made in 1958, which he believes to be \$360,000 would make a grand total indebtedness to Commercial Solvents Corporation of \$5,562,457.08.

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On 5/3/62 at Pecos, Texas File # EP 29-351

by SA [redacted]
SA [redacted] / jcs Date dictated 5/3/62

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EP 29-351

In addition [] stated that the only other financial transactions he is aware of between Estes Enterprises and Commercial Solvents Corporation is a matter of a \$400,000 advance made by Commercial Solvents to ESTES on or about March 2, 1962, which advance was supported by a note and will become due in full on May 29, 1962. He stated that he did not have any idea as to the ultimate disposition of this \$400,000 by ESTES.

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[] stated that to his knowledge, neither Superior Manufacturing Company at Amarillo, Texas or the ~~Lubbock Machine and Supply Company at Lubbock, Texas~~, have ever had any financial dealings of any kind with Commercial Solvents Corporation in New York City.

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[] pointed out that the total quantity of each product purchased from Commercial Solvents Corporation and the exact purchase price thereof could be obtained either through Commercial Solvents Corporation and/or the United Elevators at Plainview, Texas, the latter being ESTES' company which made all the purchases and also which would have the detailed accounting of all commercial credit receipts representing the storage of grain. He said that United Elevator in all probability had a general ledger account set up for Commercial Solvents Corporation and as each credit from Commercial Solvents was received, their account charged on the books of United Elevator. He stated that in turn as purchases of anhydrous ammonia or other products were made from Commercial Solvents, an appropriate credit to Commercial Solvents' account would be made on the records of United Elevators. He said that figures furnished obtained from records of Estes Enterprises were merely the current balances as best he knows.

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[] stated that he would be very happy to have his records thoroughly examined for exact details if desired, however, felt that the records maintained by Commercial Solvents and/or United Elevators might be more accurate with regard to financial transactions between Commercial Solvents Corporation and BILLIE SOL ESTES.

b6
b7C

5/8/62

Airtel

To: SAC, Washington Field (87-3242)

From: Director, FBI (29-28704) - 205

BILLIE SOL ESTES, aka., et al.;
ITSP; BRIBERY

Re Dallas airtel to Bureau 5/1/62.

For the information of the Washington Field Office, the W. C. Burger referred to in reairtel, which sets forth lead for WFO, is probably identical with Walter C. Berger, who is a member of the Board of Directors of Commercial Solvents Corporation.

- 1 - New York (For information)
- 1 - Dallas (58-138) (For information)

FDT:bm
(6)

MAILED 31

MAY 8 - 1962

COMM-FBI

Tolson _____
Belmont _____
Mohr _____
Callahan _____
Conrad _____
DeLoach _____
Evans _____
Malone _____
Rosen _____
Sullivan _____
Tavel _____
Trotter _____
Tele. Room _____
Holmes _____
Gandy _____

67 MAY 11 1962 TELETYPE UNIT ☐

F B I

Date: 5/1/62

Transmit the following in PLAIN TEXT
(Type in plain text or code)

Via AIRTEL AIR MAIL
(Priority or Method of Mailing)

TO: DIRECTOR, FBI (29-28704)
(ATTENTION: GENERAL INVESTIGATIVE DIVISION)

~~FROM:~~ SAC, DALLAS (58-188) (P)

RE. BILLIE SOL ESTES, et al
BRIBERY; CONFLICT OF INTEREST

00 - Dallas

ROBERT C. LISH that W. C. BURGER, a vice president of Commercial Solvents, New York City, held a responsible position with Department of Agriculture immediately prior to going with Commercial Solvents and was associated with ROLAND F. BALLOU in Room 217W, USDA. (BALLOU has been previously identified by C. H. MOSELEY, Director, Dallas Commodity Office, ASCS, USDA as Deputy Administrator of ASCA in Washington). Commercial Solvents, New York City has heretofore been identified as the source for Anhydrous ammonia fertilizer sold by ESTES.

b6
b7C

LEAD

WFO

AT WASHINGTON, D. C.

Attempt to identify W. C. BURGER as former USDA employee and if so identified, determine his present contacts, if any, with USDA personnel; determine from USDA nature any business they have with Commercial Solvents and position of BURGER with relation thereto.

LYNUM

5 MAY 3 1962

4 - Bureau
2 - New York (Info)

MCC: cah
(10)

2 - WFO (87-8242)
2 - Dallas

Approved: _____

Sent _____ M

Per

Special Agent in Charge

C. C. Wick:

UNITED STATES GOVERNMENT

Memorandum

TO : The Director

DATE: 5/8/62

FROM : N. P. Callahan

SUBJECT: The Congressional Record

Pages 7283-7286. Senator Williams, (R) Delaware, spoke concerning the dealings of Billie Sol Estes with Department of Agriculture officials. He included with his remarks a letter sent to Secretary of Agriculture, Orville Freeman, from Attorney General of Texas, Will Wilson, excerpts from Secretary Freeman's press conference, and several letters to a Mr. Bill Morris of the Department of Agriculture from Billie Estes and replies from Morris to Estes. The following was included in the excerpts from Secretary Freeman's press conference as reported on the news ticker: "He referred to Emery E. Jacobs, a deputy administrator of the Agricultural Stabilization and Conservation Service who resigned after he was linked with Estes gift giving; William Morris, staff assistant to former Assistant Secretary James Ralph who was fired after he refused to answer Department questions, and Ralph himself whose connection

with the Estes case is still in the hands of the FBI. - - - Freeman said he was withholding any final opinion on Ralph pending an FBI report." Other references to the FBI have been noted.

Original filed in: 66-1731-2124

29-28704-

NOT RECORDED

167 MAY 18 1962

In the original of a memorandum captioned and dated as above, the Congressional Record for 5/7/62 was reviewed and pertinent items were marked for the Director's attention. This form has been prepared in order that portions of a copy of the original memorandum may be clipped, mounted, and placed in appropriate Bureau case or subject matter files.

51 MAY 21 1962

Mr. Tolson	_____
Mr. Belmont	_____
Mr. Mohr	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. DeLoach	_____
Mr. Evans	_____
Mr. Gale	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Mr. Holmes	_____
Miss Gandy	_____

Memorandum

TO : Director, Federal Bureau of Investigation DATE: May 2 1962

FROM : Herbert J. Miller, Jr., Assistant Attorney General, Criminal Division

HJM:RDM
29-76334SUBJECT: Billie Sol Estes - Interstate Transportation of Stolen Property - Bribery

Reference is made to pp. 66-70 of the report of SA Andrew J. Shannon, dated 4/23/62, Washington, D. C. Bureau file No. 29-28704. It is reported therein (p. 70) that N. Battle Hales, Staff Assistant, Office of the Deputy Administrator, State and County Operations, ASCS, USDA, advised that he had additional information to furnish which he felt he could not disclose without having access to the records of his office. Hales had previously advised that the records of his office had been removed from his jurisdiction as of the beginning of April 20, 1962.

In view of the above information it is requested that further investigation be conducted to ascertain the following particulars:

- (1) The present location of the records referred to by Hales and their chain of custody since removal from Hales.
- (2) The additional information which Hales advised he had to furnish but would not do so without access to the records of his office. It is suggested that arrangements be made with the Department of Agriculture and Hales for the furnishing of this additional information.

38
MAY 3 1962
RECORDED
38

REC-104

MAY 3 1962

F62

67 MAY 11 1962

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. Belmont

DATE: May 3, 1962

FROM : A. Rosen

SUBJECT: BILLIE SOL ESTES
INTERSTATE TRANSPORTATION
OF STOLEN PROPERTY - BRIBERY

Belmont
Mohr
Callahan
Conrad
DeLoach
Evans
Malone
Rosen
Sullivan
Tavel
Trotter
Tele. Room
Holmes
Gandy

This is to advise that William E. Morris, whose interview was requested by the Criminal Division of the Department of Justice, has through his attorney refused to be interviewed by the FBI.

Yesterday the Criminal Division requested that Morris be interviewed after it was learned that on April 30, 1962, at a personnel hearing within the Department of Agriculture Morris made certain allegations as to influence exerted by various political figures on behalf of Estes and it was in this connection that the Department desired that Morris be interviewed.

This morning the Washington Field Office contacted Morris and he referred the Agents to [redacted] On being contacted, stated that he had not given much thought to this phase of the investigation (referring to the acceptance of gifts by Morris) and indicated a reluctance in having Morris interviewed, stating that he would discuss it with his partners.

Shortly thereafter, [redacted] recontacted Washington Field and advised that, inasmuch as Morris had received his dismissal notice effective May 18, 1962, in the mail this morning from Agriculture, that he did not desire Morris be interviewed by the FBI.

ACTION

In accordance with a request from the Department, [redacted] who is coordinating this matter in the Department, is being kept currently advised of the status. He will be advised in writing of this refusal and the results of our check of Agriculture Department records.

- 1 - Mr. Evans
- 1 - Mr. DeLoach

WBW:ige
(8)

25 MAY 10 1962

67 MAY 11 1962

What the Dept
should do is to
issue a G. I. [unclear]
but I don't think it
will do so. H.

F B I

Date: 5/3/62

Transmit the following in _____
(Type in plain text or code)Via AIRTEL _____
(Priority or Method of Mailing)

TO: DIRECTOR, FBI (29-28704)

FROM: SAC, WFO (87-8242) (P)

BILLIE SOL ESTES, et al
BRIBERY; CONFLICT OF INTEREST
(OO:DL)

ReBu telephone calls to WFO 5/2 and 3/62.

Enclosed herewith for the Bureau are four copies of a letterhead memo dated and captioned as above. Copies of the letterhead memo are being sent to El Paso and Dallas for information.

Reference Bureau telephone call instructed WFO to contact JOHN C. BAGWELL, General Counsel, U.S. Department of Agriculture (USDA) and obtain a copy of a document concerning the oral hearing given WILLIAM E. MORRIS, former assistant to Dr. JAMES T. RALPH, former Assistant Secretary, USDA, which was granted MORRIS in connection with the matter relating to his proposed dismissal from the USDA.

SA ANDREW J. SHANNON contacted BAGWELL's office and was referred by BAGWELL's secretary per the request of BAGWELL to [redacted] Assistant General Counsel, USDA.

JRE [redacted] made available a rough draft copy concerning the results of the oral hearing afforded MORRIS on 4/30/62 before the USDA as well as a copy of the completed document

3-Bureau (Enc.8)

1-Dallas (58-188) (AM) (Info) (Enc.2)

1-El Paso (29-351) (AM) (Info) (Enc.2)

1-WFO

AJS:bdb (6)

AIRTEL

See Encl. memo + 2 cc Encl. 4/5-1-62
to Dept.
5/2/62
TWC:mic

29-28704-208

25 MAY 10 1962

Approved: _____ Sent _____ M Per _____

Special Agent in Charge

67 MAY 11 1962

b6
b7c

WFO 87-8242

dated 5/1/62, obtained from the Office of Personnel, USDA and which contained the recommendation of Assistant Secretary for Marketing and Foreign Agriculture, who conducted the hearing with MORRIS on 4/30/62.

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Copies of both of these documents were furnished to the Bureau by WFO on 5/2/62, who made copies of these documents available to the U.S. Department of Justice.

WFO was also instructed to contact MORRIS on 5/3/62, and make arrangements to interview him in instant matter.

ESTES REPORTED TO HAVE SUICIDAL TENDENCIES



UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to
File No.

WASHINGTON 25, D. C.
May 3, 1962

BILLIE SOL ESTES
BRIBERY; CONFLICT OF INTEREST

On May 2, 1962, [redacted] Assistant General Counsel, United States Department of Agriculture (USDA), was contacted in his office, South Agriculture Building, by a Special Agent of the FBI, at which time he made available a rough draft copy and a completed copy dated May 1, 1962, containing the results of the oral interview with William Morris, USDA employee, containing Morris's personal answer to the charges filed against him on April 16, 1962. A copy of the completed statement dated May 1, 1962, is attached.

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[redacted] stated that William Morris attended the oral hearing on April 30, 1962, [redacted] and due to the fact [redacted] was representing Morris, he, [redacted] was requested to attend the hearing held by Assistant Secretary [redacted] Assistant Secretary for Marketing and Foreign Agriculture, USDA.

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[redacted] pointed out that the hearing on April 30, 1962, was an oral interview which was granted Morris as a veteran and the hearing was not recorded. He advised that he took hasty notes during the interview from which he prepared the statement containing the results of the hearing mentioned above. He advised that Morris spoke rapidly and at times it was difficult to follow the continuity of his remarks.

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[redacted] stated that during the oral interview on April 30, 1962, Morris made a number of statements and mentioned a number of names that were not identified in the statement. [redacted] said the following statements attributed to either Morris or his [redacted] were not set forth in the statement as they were not relevant to the USDA dismissal proceedings pending against Morris and due to the

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29-28704-208
ENCLOSURE

RE: BILLIE SOL ESTES

highly sensitive nature of the statements made by Morris. [] pointed out that it is not known whether or not the statement containing the oral interview with Morris would at some later date be made public.

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[] stated that during the interview on April 30, 1962, Morris stated that he received a telephone call on Thursday, April 12, 1962, from Congressman Jamie Whitten who indicated that Congressman George Mahon of Texas was disturbed lest Morris reveal that Mahon had relations with Estes except to say that Mahon introduced Estes around Washington. As [] previously pointed out due to his taking of hasty notes and the rapidity with which Morris spoke he could not tell from his notes whether the above were Whitten's words or Morris's recollection.

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X Morris also stated that [] in Texas U.S. Senator Ralph Yarborough's office during the period on or before Friday, April 13, 1962, contacted Morris and [] asked Morris to please not mention "our" connection with Estes.

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[] also said that Morris mentioned his, Morris's wife's (Alice) column in a Texas newspaper and said that this association was innocent.

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According to [] Morris also said that there was a congressman, name not divulged, who had asked Morris to check on the status of his printing that he was having Estes do. This was at the time that Morris was on the Andersen trip. Morris said that he did not want to tell about the Andersen trip before the hearing in Texas, as the fact would come out that he had stayed overnight on the Andersen trip in connection with the printing matter.

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Morris also said that if he had gone to Texas he would have had to say that "Yarborough and Rutherford pressured on the cotton deal". [] does not know what Morris meant by this statement.

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RE: BILLIE SOL ESTES

[] also said that Morris stated that if he had gone to Texas he would have had to say that Estes purchased \$1,000 worth of tickets for Democrat dinners (no date indicated by Morris). [] said that Morris may have said the purchase of the tickets was from Johnson's (Vice President Johnson) office. Later on in the oral interview [] said that he, Morris, did not want to say that Estes got money from the Vice President's office. [] stated that he was not sure concerning the accuracy of the above statement concerning the tickets and pointed out that the above facts were made on small note paper during the course of the interview. [] again indicated that the rapidity with which Morris spoke as well as the referral back and forth to the same matter made it difficult for him, [] to be sure that Morris was referring to the same matter.

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In this connection [] pointed out that Morris used the name of Edmondson who was another individual who had contacted him by telephone over the weekend that Morris was absent from the USDA and indicated that Edmondson had requested that Morris was not to reveal that any pressure in the Estes matter had been exerted by him. Later on in the interview [] stated that Morris referred to a person by the name of "Ed" who [] felt from the conversation was probably identical with Edmondson. The above information was pointed out by [] in an effort to point out the difficulty in correlating all the above information mentioned by Morris.

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[] is maintaining the above mentioned notes made at the oral interview in his files.

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On May 3, 1962, an Agent of the FBI telephonically contacted William E. Morris, 3806 Basil Road, McLean, Virginia, telephone EL 6-4521, in order to arrange an interview with him in this case. Morris referred the Agent to his []

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Immediately following the telephone conversation with Morris an Agent of the FBI telephonically contacted []

at his []

[] who was advised that Morris

RE: BILLIE SOL ESTES

had been contacted concerning his interview by an Agent of the FBI and he, Morris, referred Agent to [redacted] stated that he had not even given any thought to this phase of the matter pointing out that Morris had answered all questions under oath in connection with the matter before the USDA. [redacted] stated that he "hated" to have Morris questioned while the USDA hearings were still pending concerning Morris. [redacted] inquired if he could be present during the interview. He was advised that he could be present during the interview with Morris. [redacted] stated he would like to take the matter up with his law partners and would call the Agent later in the morning of May 3, 1962.

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On May 3, 1962, approximately twenty minutes following the previous conversation, [redacted] telephonically contacted an Agent of the FBI and advised that he had just received a telephone call from Morris who stated that he had just received a letter from the USDA indicating he was discharged from his job at the USDA effective May 18, 1962. [redacted] stated that prior to the telephone call from Morris he was considering having Morris submit to interview by the FBI; however, in view of the fact that Morris was discharged from the USDA, he could not consent to the interview of Morris by the FBI.

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On May 3, 1962, [redacted] was telephonically recontacted concerning the apparent conflicting statements made by Morris and [redacted] on April 30, 1962, concerning the matter relating to Vice President Johnson as contained in his notes. [redacted] rechecked his notes and advised that his notes reflected that the comments of [redacted] concerning the Johnson matter were as set forth earlier in this memorandum. [redacted] stated that probably what [redacted] meant to say was that Morris was reluctant to indicate that he had given financial support to Vice President Johnson; however, the information previously reported as coming from [redacted] was correctly reported by an Agent of the FBI.

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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

May 1, 1962

To: The Secretary

From: [redacted]

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On Monday, April 30, 1962, at 9:30 a.m. I conducted an interview with Mr. William Morris [redacted] which was arranged as his opportunity to give personal answer to the charges filed against him on April 16, 1962. [redacted] Assistant General Counsel of the Department, was also present.

I opened the discussion by telling Mr. Morris and his attorney that this was his opportunity to give personal answer to the charges against him. [redacted] made a brief statement indicating that Mr. Morris had consulted him on Monday, April 16, and that he would like his client to begin to tell his story. [redacted] indicated that Mr. Morris' narrative would center around his involvement in the case concerning Billie Sol Estes' relationships with the Department of Agriculture. In response to this I directed [redacted] and Mr. Morris' attention to the fact that the charges related exclusively to Mr. Morris' failure to follow instructions to keep himself available and accessible to the Department for assistance in connection with official matters during the period from Friday, April 13, but that if Mr. Morris wished he was free to discuss the Estes matter or any other matter which might throw light on the case.

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Mr. Morris proceeded to relate his activities beginning with the time which he called "when the Estes matter came out." He stated that after the Estes case became public knowledge, he began receiving requests from a number of persons, including Congressmen and their staffs, not to mention such persons' individual relationships with Mr. Estes. He signed a statement on Thursday (presumably April 12) for a Department investigator in which he left out mention of his trip with Congressman H. Carl Anderson to Texas. On Friday evening, April 13, he was delivered a letter from Mr. John Baker, Director of Agricultural Credit Services, which directed him to hold himself available and in any event to be in his office at 9:00 a.m., on Monday. He said he telephoned Mr. Baker and at first said he wasn't sure when this was but then indicated it must have been Saturday morning, and stated that he was going to leave the telephone off the hook and that he wanted to stay away from reporters. He at first said that John Baker agreed he should leave the phone off the hook, but on questioning by me and [redacted] he finally conceded that all Baker said was that he should keep away from reporters. Morris then said he wanted to stay away from everybody. He was not at his home on Saturday; said he doesn't know exactly where

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29-28701-208

he was but he stayed out of sight.

He met Congressman Andersen at the latter's request, at 4:00 p.m. on Saturday at the Rosslyn Hot Shoppe, at which time Mr. Andersen continued to urge that since the matter of their trip to Texas had not been brought out, Mr. Morris not reveal it. He says his wife did not know where he was on Sunday, and that he stayed with friends on Sunday, contacting his wife late Sunday night.

He mentioned several matters concerning Congressmen and others, which he said he did not wish to have come out. He felt that if he had reported back to work the Department would have sent him to Texas to testify and that he would have had to disclose many things that he was being importuned not to disclose. He said that Ralph (James T. Ralph, Assistant Secretary), came by his house on Friday or Saturday, and that Ralph said he had discussed the Estes matter with the Secretary and stated that this was the first time he (Morris) knew about the Texas investigation. At about 8:30 Monday morning he contacted his wife and then a relative of hers, Roger Whiteford [redacted]

[redacted] referred him to [redacted] office where he arrived about 9:20 a.m., Monday and remained during the day. He telephoned John Baker at 4:00 p.m., who, he said, was understandably angry with him and that Baker said he would hear from the Department.

Morris stated he is a close personal friend of Estes and is shocked by the revelations being made about Estes' activities. Several times during the interview Morris stated that he was in a confused and emotional state of mind during the weekend, in view of the pressures he was under to protect others. He stated that during the three days he hardly slept or ate.

He indicated that he felt particularly confused on Monday morning as to what he should do.

[redacted] then made a statement in which he said he first saw Morris on Monday morning, and Morris was in such condition that he felt he was giving psychiatric advice rather than law advice and Morris was in such condition it took him three hours to get 15 minutes' information from him. He finally advised Morris to seek a doctor and get some rest. He said that after Morris tried to reach Baker on the phone Tuesday, the lawyer also tried and didn't reach him. [redacted] Department investigator, called on Wednesday and Morris and [redacted] saw Mr. Carl Barman, Director of Personnel, late on Wednesday.

[redacted] said Morris wanted an appointment with a ranking Department official to disclose some information he was unwilling to have made generally known. An appointment was made on or about Wednesday

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with Assistant Secretary Joseph Robertson. Mr. Robertson said that he could not in his position assure Morris of such confidence, so that Morris did not impart the information.

[] then stated in summary, that he was pleading for consideration that Morris had only 4 years to go to retire; that there was a true friendship between Morris and Estes; that Estes did have contacts in high places, and that in general Morris was not to be censured for his friendship with Estes. [] further stated that although Morris accompanied Dr. Ralph to the Aleman-Marcus store, he "wandered off" and was not present during any transaction involving clothing. He cited a time when Morris and Hussy had dinner with Estes, and at that time Morris cautioned Estes not to talk about deals.

[] further stated that he couldn't deny that Morris wasn't available over the weekend and wasn't at his desk on Monday. He stated that he can now appreciate he should have been at his desk Monday morning but could not understand it at the time Morris first contacted him and doesn't believe Morris could.

I pointed out during the interview that in his post as a high-ranking official of the Department, Morris owed his loyalty to the Department and that he apparently placed his relationships and loyalty to others above his responsibility both to his office and to his associates who had responsibility for the Department's work.

[] concluded by pleading that, in lieu of dismissal, the Department consider disciplining Mr. Morris, such as for 30 or 60 days, and that if it couldn't be decided to do this, it finally restore him to duty and permit him to resign.

Because Mr. Morris failed to carry out instructions issued to him by his superiors, which were that he make himself available over the weekend to the Department, and that he report for work Monday morning at 9:00 o'clock, I recommend that he be dismissed.

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5/8/62

Airtel

REC-104

To: SAC, Washington Field (87-8242)

From: Director, FBI (29-28704) — 209

BILLIE SOL ESTES, et al.;
BRIBERY; CONFLICT OF INTEREST
OO: DALLAS

ReRHairtel to Bureau 5/4/62.

In interview with Dr. James T. Ralph, WFO is authorized to solicit his cooperation in furnishing information relating to canceled checks, deposit slips and other data pertaining to his bank account at the Fairfax County National Bank, Fairfax County, Virginia. This inquiry should be

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ESTES REPORTED TO HAVE SUICIDAL TENDENCIES.

- 1 - Richmond (58-185)
- 1 - Dallas (58-188)

NOTE: Dr. James T. Ralph, one of the subjects in this case, allegedly was fitted for suits and other clothing items which were charged to Estes' account at the Neiman-Marcus department store, Dallas, Texas. Dallas requested review of bank records for Dr. Ralph. Richmond Office determined Ralph has account at Fairfax County National Bank but records are on microfilm with no system for reviewing records regarding Ralph's account without checking daily transactions of the bank. Original deposit slips and canceled checks are returned to customer. Richmond recommended interview of Ralph concerning these items. WFO has already been authorized to re-interview Ralph in connection with other matters and authorization is being given to make inquiry concerning material in his possession relating to bank accounts. Authorization telephonically furnished to Supervisor Grant Nanna, WFO, 5/8/62.

FDT:bm
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MAILED 19

MAY 8 - 1962

COMM-FBI

Tolson _____
Belmont _____
Mohr _____
Callahan _____
Conrad _____
DeLoach _____
Evans _____
Malone _____
Rosen _____
Sullivan _____
Tavel _____
Trotter _____
Tele. Room _____
Holloman _____

TELETYPE UNIT

FBI

Date: 5/4/62

Transmit the following in _____ (Type in plain text or code)

Via AIRTEL REGULAR MAIL
(Priority or Method of Mailing)

TO: DIRECTOR, FBI (29-28704)

FROM: SAC, RICHMOND (58-185) - P -

BILLIE SOL ESTES; DR. JAMES T. RALPH,
Assistant Secretary of Agriculture, U. S.
Department of Agriculture, Washington, D. C.;
WILLIAM E. MORRIS, aka William Edgar Morris,
William Eugene Morris, Administrative
Assistant to Assistant Secretary of Agriculture,
U. S. Department of Agriculture, Washington, D. C.;
EMERY E. JACOBS, aka "Red," "Jake," Former Deputy
Administrator, Agricultural Stabilization and
Conservation Service, U. S. Department of Agriculture,
Washington, D. C.; [REDACTED] Southwest
Manager, Agricultural Stabilization and Conservation
Service, U. S. Department of Agriculture, Washington, D. C.
BRIBERY; CONFLICT OF INTEREST
(OO: DALLAS)

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Re WFO airtel to the Director, FBI 4/27/62.

Referenced communication requested this office to

Virginia (Protect Identity)

on May 2, 1962 furnished SAs [REDACTED] WILLIAM H. CROWDER the following information in confidence:

REC- 104

- 3- Bureau (Enc. 14)
2- Dallas (58-188) (Enc. 14) (AIR MAIL)
2- Washington Field (87-8242) (REGULAR MAIL) (Enc. 14)
2- Richmond

WC/mcg

(9)

ENCLOSURE ATTACHED

Approved: _____

Special Agent in Charge

Sent _____ M Per _____

Subpoena should be issued before this information is made public.

Va.

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enclosed for the Bureau, Dallas and WFO. It is noted these

This interview should be conducted in such a manner that he will not be aware that we have access to the bank records.

See Addendum next page.

RH 58-185

ADDENDUM:



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This case is being kept in a pending status until advice is received that the Bureau approves or disapproves of this recommendation.

29-28704-209

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. Belmont

DATE: May 4, 1962

FROM : A. Rosen

SUBJECT: BILLIE SOL ESTES
INTERSTATE TRANSPORTATION
OF STOLEN PROPERTY - BRIBERY

Tolson	✓
Belmont	✓
Mohr	✓
Callahan	✓
Conrad	✓
DeLoach	✓
Evans	✓
Malone	✓
Rosen	✓
Sullivan	✓
Tavel	✓
Trotter	✓
Tele. Room	✓
Holmes	✓
Gandy	✓

This is to advise that William E. Morris has through his attorney refused to be interviewed by the FBI. It was planned to interview Morris concerning statements he made indicating that many important political personages were connected with the Estes case. Morris was Administrative Assistant to an Assistant Secretary of Agriculture,* who accepted gifts from Estes. As a result of administrative action by the Department of Agriculture, he was discharged from his job effective May 18, 1962.

*Dr. James T. Ralph

REQUEST FOR INTERVIEW

The Department of Justice advised on May 2, 1962, that hearings were held in the Department of Agriculture on Monday, April 30, 1962, at which time Morris made many comments concerning Estes' connection with important people. The Department advised that there was no transcript of the hearing but that a summary had been prepared. We were requested to obtain the summary and interview Morris based on its contents.

The summary was obtained on May 2, 1962, reviewed, and Morris was contacted on the morning of May 3, 1962, to arrange for an interview. Morris referred the Agent who contacted him to his [redacted] [redacted] advised that he could not consent to the interview of Morris by the FBI.

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b7cFACTS CONCERNING MORRIS HEARING

Morris appeared at a Veterans Preference hearing held by the Department of Agriculture. Procedures were such that no cross-examination was conducted and Morris and/or his attorney made many comments which were not the subject of further questioning. Some results of the hearing were made part of a summary and there was no transcript of the entire proceedings.

Enclosures

1 - Mr. DeLoach

1 - Mr. Evans

TWC:ige

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67 MAY 11 1962

REC-104

25 MAY 10 1962

cc MR. TOLSON

Memorandum to Mr. Belmont
RE: BILLIE SOL ESTES

The summary was confined to material pertinent to the hearing and only contains one allegation by Morris. He states, "He met Congressman Andersen (Republican - Minnesota) at the latter's request at 4:00 p. m. on Saturday, April 14, 1962, at the Rosslyn Hot Shoppe, at which time Andersen continued to urge that since the matter of the trip to Texas had not been brought out Mr. Morris not reveal it."

Assistant General Counsel [] Department of Agriculture, took a series of notes which were not included in the summary. He was interviewed and pointed out that he took the notes under considerable difficulty since Morris was a very fast talker. [] is maintaining his notes in this matter.

[] notes showed the following material concerning allegations by Morris and/or his attorney:

Morris stated that he received a telephone call on Thursday, April 12, 1962, from Congressman Jamie Whitten (Democrat - Mississippi), who indicated that Congressman George Mahon (Democrat - Texas) was disturbed lest Morris reveal that Mahon had relations with Estes. D C

Morris stated that [] in Senator Yarborough's (Democrat - Texas) office contacted Morris and asked him to please not mention "our" connection with Estes.

Morris said that there was a Congressman, name not divulged, who had asked Morris to check on the status of his printing that he was having Estes do. This was at the time that Morris was on a trip to Texas with Congressman Andersen. Morris said that if he had gone to Texas (meaning to appear before the Texas Board of Inquiry) he would have had to say that Yarborough and Rutherford pressured on the cotton deal; that he would have had to say that Estes purchased a thousand dollars worth of tickets for Democratic dinners. [] said that Morris may have said the purchase of tickets was from Vice President Johnson's office and that later [] Morris [] said that he, Morris, did not want to say that Estes got money from the Vice President's office.

Morris used the name of Edmondson (Democrat - Oklahoma) as an individual who had contacted him by telephone to request him not to reveal that any pressure in the Estes matter had been exerted by Edmondson.

Memorandum to Mr. Belmont
Re: BILLIE SOL ESTES

ADDITIONAL INFORMATION REGARDING CONGRESSMAN H. CARL ANDERSEN

Morris in a statement to the Department of Agriculture referred to the purchase of stock in a coal mine from H. Carl Andersen (Republican - Minnesota). According to Morris, Andersen had previously contacted Estes about January, 1962, and thereafter, Andersen advised Morris that he had received a check for \$1,500 from Estes. Morris stated that Congressman Andersen asked him many times when Estes was coming to town and supplied him with information for a letter Andersen wanted Morris to write to Estes. This letter concerned the possible purchase of stock from Andersen. Morris said he sent this letter out in early March, 1962, that Estes did not respond to the letter, that thereafter Morris bought airline tickets for Andersen and himself to visit Estes. According to Morris, Andersen paid him back for the airline ticket. (A copy of the letter referred to appeared in the Texas newspaper as a result of the Texas hearings and a copy is attached.)

ACTION BEING TAKEN

The information concerning Morris and Andersen is incorporated in the attached letter to the Attorney General. It is also pointed out that possibly consideration should be given to a grand jury subpoena in view of Morris' attitude.

OK.

The information concerning the allegations at the hearing and the refusal of Morris to be interviewed is incorporated in the attached letter to the Secretary of Agriculture.

*Just why are we writing
this summary of interest in
this investigation.*

The summary and complete details are being sent to the Department separately.

*See memo
Rosen to Belmont
5/7/62. Letter sent 5/9
rwc*

Billie:

You recall we have discussed the wisdom of a "good" Republican contact in Congress. We considered H. Carl Andersen of Minnesota (top Republican on the House Agricultural Appropriations Subcommittee and third ranking on the Full Appropriations Committee) a good choice.

Talking to him yesterday he made a suggestion I commend to you. He and his brother have a new coal mine in Washington just outside Seattle. They are a coal mining family of Danes and this will be the most modern mine possible including the first operation of new Bureau of Mines developed equipment. The mine is in production and more capital is required to be able to bid on big State, Federal, and other contracts. Most of the stock is owned by the Andersen family.

They have authorized the sale of some additional stock. Most of it is committed, but Congressman Andersen hopes you might take \$1,500 or \$2,000 worth of it. He would be willing to agree to buy back the stock after May 1, 1963, at 110% or after May 1, 1963, at 120% with a time limit of one year thereafter (his brother died a few months ago and left an estate of about \$100,000 mostly in Government bonds. He will have his share in a few months and this is the basis behind the offer.) If you would like to buy the stock he suggests you send the check ^{care of} ~~to~~ made out to: Treasurer, Coal, Inc. for the number of shares of stock (\$100 per share) and I would hand him the check in exchange for his letter ^{addressed to you} confirming the commitment to re-purchase at your option.

He is really in a bind right now, is good about standing by his commitments and his friends, and this could be a good investment. Let me know about your decision right away. It means nothing to me personally-- you judge what it might be worth from your standpoint.

This letter was taken from the "Bill Morris" file in Billie Sol Estes' office in Pecos, according to testimony in the state court of inquiry here Friday. A William Morris was fired from the U.S. Department of Agriculture as a result of official investigations into Estes' agricultural operations.

29-2876-210

F B I

Date: 5/4/62

Transmit the following in _____
(Type in plain text or code)Via A I R T E L _____
(Priority or Method of Mailing)

Mr. Tolson	_____
Mr. Belmont	_____
Mr. Mohr	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. DeLoach	_____
Mr. Evans	_____
Mr. Malone	_____
Mr. Rosen	✓
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

TO: DIRECTOR, FBI (29-28704)

FROM: SAC, WFO (87-8242) (P)

may
 BILLIE SOL ESTES, et al
 BRIBERY - COI
 (OO:DL)

ReBuairtel to WFO 5/3/62, with attached copy of
 memo 5/2/62, from HERBERT J. MILLER, Jr., Assistant Attorney
 General, Criminal Division, US Dept. of Justice (USDJ) and
 DLairtel to Bureau 5/1/62.

- ③ - Bureau
 2 - Dallas (58-188) (AMSD)
 2 - El Paso (29-351) (AMSD)
 2 - Kansas City (58-194) (AMSD)
 1 - WFO
 AJS:sh
 (10)

REC-104

25 MAY 10 1962

A I R T E L

Approved: *[Signature]*
 Special Agent in Charge

Sent _____ M Per _____

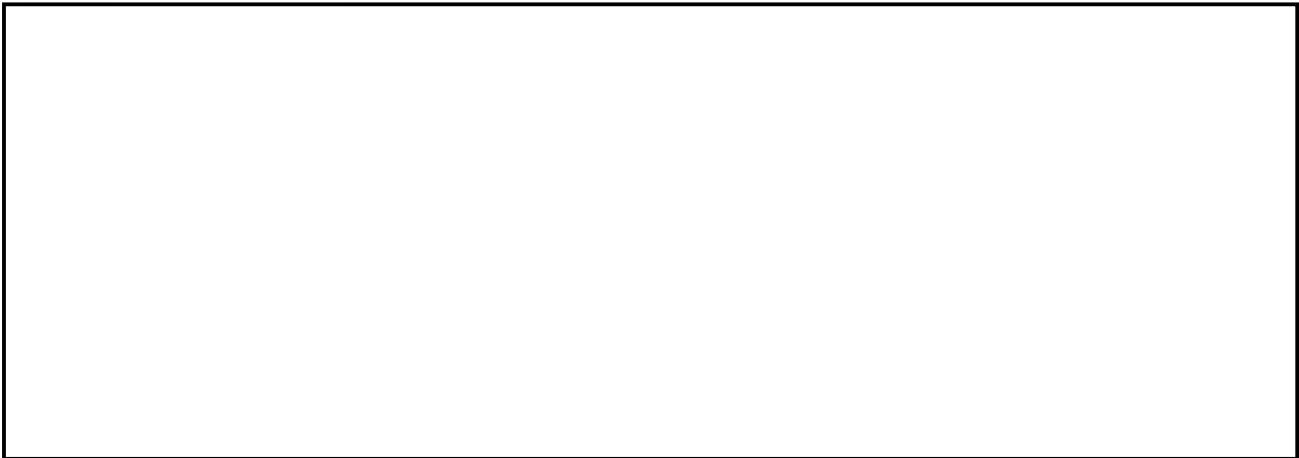
MAY 11 1962

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WFO 87-8242



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The above info furnished by [redacted] can only be made public upon the issuance of a subpoena duces tecum.

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Dr. RALPH when interviewed on 4/26/62, advised that he had received two pmo's from ESTES during the first week of Jan., 1962. He advised he endorsed one of the pmo's to the Democratic Party of Calif. and sent it to [redacted] Calif.

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It is noted that the last three digits of the pmo's are 339 and 341 and the possibility exists that the pmo which Dr. RALPH sent to San Francisco may be #11-49,535,340 or in the numerical sequence before or after the last above two mentioned pmo's deposited in the Wash., D. C., bank.

J. M. BELL, Director of Postal Funds, US Post Office (USPO), Wash., D. C., advised that pmo's issued only contain on the stubs at the Post Office Stations where issued the amount, number, and date issued of each pmo. He advised it would first be necessary to check the stubs at the Pecos Post Office to determine the amount on pmo's issued.

WFO 87-8242

The EP Office is requested to check the pmo stubs in the Pecos Post Office in an effort to determine whether pmo #11-49,535, 340 was issued on 12/22/61, in the amount of \$100. EP will also determine the number of pmo's issued by the El Paso Post Office for the period 1/1/61, to the present date.

It is noted that Dr. RALPH was appointed Assistant Secretary, USDA, on 1/21/61, and MORRIS entered on duty with USDA on recent employment on 3/1/61.

BELL stated that after the pmo's are paid they are sent to the Kansas City Money Order Center where they are filed by Post Office and numerical sequence. [redacted] Center located at 601 Hardesty St., Building #9, Kansas City.

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KC is requested to contact [redacted] and review pmo's from Pecos Post Office for period Jan., 1961, to present, in an effort to determine pmo's sent to subjects Dr. RALPH and MORRIS by ESTES. KC will obtain copies of all pertinent pmo's.

Records USDA reflect that WALTER CHARLES BERGER was employed from 12/1/43, to 5/30/46, with USDA in War Food Adjustment Division, Agricultural Adjustment Agency, and later in the Production and Marketing Administration.

His recent employment with USDA was from 3/15/54, to 1/20/61, when he resigned. At the time of his resignation he was Administrator of the Commodity Stabilization Service (CSS) now the Agricultural Stabilization and Conservation Service (ASCS). During the period of employment he was formerly the Associate Administrator and prior to that Deputy Administrator of the CSS.

A new SF 57 dated 3/20/62, was made available by EDWARD M. LOWEREE, Division of Investigations, USDA, for Dr. RALPH which was not made available at the time RALPH's personnel file was reviewed. This form does not indicate RALPH was previously employed by the USDA prior to Jan., 1961. The form reveals that from June to Sept., 1953, he was a Research Associate at the Iowa State Experiment Station, Ames, Iowa, and not with the USDA. This new file also contains a request by the USDA of the General Services Administration (GSA) Federal Records Center, St. Louis, Mo., for verification

WFO 87-8242

of Dr. RALPH's employment with the USDA. The GSA replied that they were unable to locate any previous USDA employment for RALPH.

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[redacted] Secretary of Agriculture, advised on 5/4/62, that neither he nor Secretary FREEMAN could remember receiving the memo from Dr. RALPH which mentioned the receipt of the pmo's from ESTES, as well as their deposits. [redacted] stated that normally a memo for the Secretary would go to the girls in the office first and then would be routed to him before going to the Secretary. [redacted] stated that, if he had received an envelope marked "personal" or "confidential" for Secretary FREEMAN, he would have opened it and looked at the contents. [redacted] stated he would have reason to remember receiving such a memo from Dr. RALPH due to the significance of the contents of the memo.

LOWEREE advised that he has contacted all logical personnel in the USDA concerning the location of Dr. RALPH's memo with negative results.

The WFO will attempt to develop the nature of the business that BERGER and/or Commercial Solvents Company may have or had with the USDA and/or USDA employees.

F B I

Date: 5/4/62

Mr. Tolson	_____
Mr. Belmont	_____
Mr. Mohr	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. DeLoach	_____
Mr. Evans	_____
Mr. Malone	_____
Mr. Rosen	<i>Kare</i>
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

Transmit the following in _____
(Type in plain text or code)Via *ps* **AIRTEL** _____
(Priority or Method of Mailing)*me*
TO: DIRECTOR, FBI (29-28704)

FROM: SAC, WFO (87-8242) (P)

6 Carter

BILLIE SOL ESTES, et al
BRIBERY; CONFLICT OF INTEREST
(OO:DL)

ReWFOairtel to Bureau dated 4/30/62 and Bureau
telephone call to WFO 5/3/625

WFO was instructed by referenced telephone call
to contact Secretary of the Department of Agriculture,
ORVILLE FREEMAN and to advise him that the USDJ had
requested that the U.S. Department of Agriculture (USDA)
make available the four documents contained in referenced
WFO airtel which N. BATTLE HALES, former Staff Assistant,
Office of the Deputy Administrator, State and County
Operations, Agricultural Stabilization and Conservation
Service, USDA, claimed were pertinent documents contained
in his former files relating to the ESTES cotton pooled
allotment case.

On 5/3/62 SA ANDREW J. SHANNON contacted

USDA
concerning this request, as Secretary FREEMAN was not avail-
able. advised that the USDA would willingly make
available copies of the four documents and referred the
Agent to
 Agricultural Stabilization and Con-
servation Service (ASCS).

accompanied the Agent to Room 5606, South
Agriculture Building, which is the former office of HALES,

- ③ - Bureau
1 - Dallas (58-188) (Info) (AM)
1 - El Paso (29-351) (Info) (AM)
1 - WFO
- REC-104

29-28704-212
25 MAY 10 1962

AJS:kel (6)

AIRTEL

C. C. Wick

Approved: *AW*
Special Agent in ChargeSent _____ M Per *1*

67 MAY 11 1962

WFO 87-8242

who is now located on the Defense Services Staff, ASCS. With the cooperation of [redacted] who was occupying the room and who is an employee in the State and County Operations ASCS Office, copies of the following documents were obtained from HALES former files:

b6
b7C

1. USDA General Counsel's opinion dated 12/15/61 relating to the ESTES case.
2. Memo dated 1/31/62 from EMERY E. JACOBS, former Deputy Administrator, State and County Operations, ASCS, to Texas and New Mexico ASCS State Chairman and the attachment to this memo which was a certificate to be executed in cotton pooled allotment cases.
3. A memo dated 2/12/62 from the Acting Deputy Administrator, ASCS, to the General Counsel, USDA, regarding the DILL and WHITE case. Also a memo from HALES to JACOBS dated 2/7/62.

HALES advised that his interoffice memo was dated 2/14/62; however, the file only contained the memo dated 2/7/62 which is believed to be the one referred to by HALES in referenced WFO airtel.

4. A memo dated 4/10/62 to JACOBS from WILLIAM H. DUGGAN, Director, Investigations Division, ASCS, regarding the subject of "Hudspeth, ASCS, County Committee Men, Sierra Blanca, Texas".

A copy of a memo dated 4/16/62 from Acting Deputy Administrator, State and County Operations to DUGGAN regarding the same matter and which requested an investigation to determine the validity of the chattel mortgages involving the three committee men in Hudspeth County, and to extend the investigation to any other ASCS employees or committee men whose names appear in connection with these transactions. The memo dated 4/16/62 was prepared by N. B. HALES.

WFO 87-8242

A memo dated 4/18/62 from the Acting Deputy Administrator, State and County Operations, to DUGGAN, in the same matter referred to DUGGAN's memo of 4/10/62 and requesting a full investigation in order to determine whether there was any implication of wrong doing by any member of the ASCS committee in Hudspeth County. This memo was prepared by [redacted] of the State and County Operations based on HALE'S memo of 4/16/62.

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b7C

Referenced WFO airtel reflected that HALE'S stated that the false chattel mortgages involved three ASCS county committee chairmen in Reeves County, Texas. [redacted] both stated that they knew of no such investigation in Reeves County, and believed that the investigation in Hudspeth County was the one referred to by HALE'S.

b6
b7C

On 5/3/62 the documents mentioned in this airtel were delivered to the Bureau by SA SHANNON.

Copies of this airtel are being sent to the El Paso and Dallas Divisions for their information.

ESTES MAY HAVE SUICIDAL TENDANCIES.

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. Rosen *[Signature]*

FROM : W. B. Welte *[Signature]*

SUBJECT: BILLIE SOL ESTES
ITSP - BRIBERY

DATE: May 4, 1962

Tolson _____
Belmont _____
Mohr _____
Callahan _____
Conrad _____
DeLoach _____
Evans _____
Malone _____
Rosen _____
Sullivan _____
Tavel _____
Trotter _____
Tele. Room _____
Holmes _____
Gandy _____

This is to advise that at 5:24 p. m., today, I contacted SAC Curtis Lynum of the Dallas Office and advised him that we had received a request from the Criminal Division of the Department of Justice to determine if transcripts were available for the Courts of Inquiry hearings held at Amarillo, Plainview, Lubbock, Pecos and Austin, Texas, and to determine the cost of such transcripts. I pointed out that transcripts for Dallas had already been ordered and were being mailed to the Department of Agriculture.

SAC Lynum advised that he would check into this and teletype the Bureau.

REC-104

29-28704-213

25 MAY 10 1962

WBW:jlt *[Signature]*
(5)

67 MAY 11 1962

F B I

Date: 5/4/62

Mr. Tolson	_____
Mr. Belmont	_____
Mr. Mohr	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. DeLoach	_____
Mr. Evans	_____
Mr. Malone	_____
Mr. Rosen	_____ <i>R</i>
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

Transmit the following in _____
(Type in plain text or code)

AIR TEL

AIR MAIL

Via _____
(Priority or Method of Mailing)

TO: DIRECTOR, FBI (29-28704)

FROM: SAC, KANSAS CITY (58-194) (RUC)

RE: BILLIE SOL ESTES, aka, etal
BRIBERY, CONFLICT OF INTEREST
Dallas - 00

Re Dallas airtel to Director 4/25/62.

Mr. DONALD I. McCOY, Acting in Charge, U. S. Warehouse Act Branch, Agricultural Marketing Service, U. S. Dept. of Agriculture, Wichita, Ks., (AMS), advised the letter referred to in report of SA CHARLES J. KELLERMAN, Kansas City, 4/23/62, page 4, item 8, was addressed to [redacted] Wichita, Ks., who is popularly known by the nickname [redacted]

[redacted] MS office, Wichita, Ks., at that time while O. P. HARREN was on annual leave.

McCOY reiterated that he does not know and had never heard of EMERY E. JACOBS until he read about JACOBS in the paper recently in connection with the BILLIE SOL ESTES matter.

McCOY advised [redacted] is now inspecting the Garrison Elevator, Oklahoma City, Oklahoma, but will depart there May 3 or 4 to inspect the Sherley Elevator at Anna, Texas. While on this assignment, [redacted] will stay at the Brown Motel, McKinney, Texas, and he should be available at Anna on or after May 5, 1962 during the day time and at the Brown Motel, McKinney during the evenings. Ten copies 302 of interview with McCOY furnished Dallas.

On 5/3/62, Mr. McCOY advised that [redacted] will proceed from Oklahoma City to Plainview, Texas, on 5/3/62. [redacted] will be staying at the Hilton Hotel, Plainview and be working at BILLIE SOL ESTES' warehouse.

If Dallas feels further verification necessary, contact [redacted] at Hilton Hotel, Plainview, Texas. It is noted that the original letter, not a carbon copy, is in AMS files, Wichita, Ks.

ESTES MAY HAVE SUICIDAL TENDENCIES

20 MAY 5 1962

3 - Bureau (AM)
2 - Dallas (enc. 10) (AM)
1 - Kansas City
CJK/hmg (6)

Approved: _____

Sent _____ M

Per _____

Special Agent in Charge

b6
b7Cb6
b7Cb6
b7Cb6
b7C

67 MAY 11 1962

F B I

Date: 5/5/62

Transmit the following in PLAIN TEXT
(Type in plain text or code)Via AIRTEL AIR MAIL
(Priority or Method of Mailing)

TO: DIRECTOR, FBI (29-28704)

FROM: SAC, SAN ANTONIO (87-5025) (P)

RE: BILLIE SOL ESTES, aka. Etc
BRIBERY, CONFLICT OF INTEREST

Re telephone call from [redacted] of
the Bureau to San Antonio on 5/5/62.

b6
b7C

To date, there have been no indications or allegations of any activities by subject or any of his associates within the San Antonio territory which have any aspects of a violation of the bribery statutes. Consequently, there has been no investigation in this division nor is there any investigation now pending along these lines.

No information is currently available nor has there been any information available through the Austin Headquarters of the State Attorney General's Office as to what data is contained in their files relative to this case.

SA GEORGE W. H. CARLSON, resident agent at Austin, Texas, has been in contact with [redacted] First Assistant Attorney General, concerning this matter. [redacted] has advised SA CARLSON that all of the investigation to date has been under the direction of one of the

b6
b7C

- 3 - Bureau
1 - Dallas (58-188)
1 - El Paso (29-351)
2 - San Antonio

WEEK:ch
(7)

REC-104

4 MAY 8 1962

Approved: *[Signature]*

Sent

M

Per *[Signature]*

Special Agent in Charge

67 MAY 11 1962

SA 87-5025

other assistants who has not returned to Austin since the investigation began. He has stated he has not even known the whereabouts of this assistant during most of this period and has been furnished no information whatsoever concerning the developments in the investigation.

[redacted] has commented that this situation has caused him considerable embarrassment in that he has been unable to answer inquiries concerning the activities of his office in the case.

b6
b7C

Attorney General WILL WILSON has been engaged in a bitter political campaign to obtain the Democratic nomination for Governor and has been absent almost continuously from Austin. WILSON is reported to be at his home in Dallas, Texas, where he is voting in today's election.

A review of all local newspaper stories for the past several weeks has failed to disclose any article quoting WILSON relative to any \$40,000 transaction by ESTES at the time of his trip to Washington for the Inaugural Ball. None of the agents assigned to San Antonio or the Austin Resident Agency can recall seeing any newspaper story quoting WILSON concerning this matter.

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. Belmont *ABW*

DATE: May 5, 1962

FROM : A. Rosen *AR*SUBJECT: BILLIE SOL ESTES
INTERSTATE TRANSPORTATION OF
STOLEN PROPERTY - BRIBERY

Viper

Tolson	_____
Belmont	_____
Mohr	_____
Callahan	_____
Conrad	_____
DeLoach	_____
Evans	_____
Malone	_____
Rosen	_____
Sullivan	_____
Tavel	_____
Trotter	_____
Tele. Room	_____
Holmes	_____
Gandy	_____

This is to advise that arrangements have been made to secure a copy of the transcript of the Texas Court of Inquiry hearings pursuant to the request of [redacted] of the Criminal Division of the Department of Justice.

b6
b7C

Pursuant to Department request the Dallas Office was instructed to determine if the transcripts were available for the Courts of Inquiry hearings held and to determine the cost of such transcripts.

It was determined through the San Antonio Office that the records were available through the Office of the Attorney General of the State of Texas and that at the present time a copy was being run off for the Department of Agriculture and for \$.15 a page additional a copy would be run off for the Department of Justice. The total cost to run between \$150 to \$200.

[redacted] of the Criminal Division was advised of this and after conferring with other members of the Department of Justice advised that the Criminal Division desired that the Bureau arrange to secure a copy of the transcript for the Criminal Division of the Department of Justice and that it be billed to the Department of Justice.

b6
b7C

The San Antonio Office was so instructed and it was impressed upon San Antonio that speed in securing this transcript was of the essence.

A confirming letter has been prepared for the Criminal Division of the Department.

1 - Mr. DeLoach

1 - Mr. Evans

WBW:jlt

(8)

29-28704-216
25 MAY 10 1962

REC-104

67 MAY 11 1962

CC MR. TOLSON

Carson

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. Belmont *also*

DATE: May 4, 1962

FROM : A. Rosen *mm*

yjt

SUBJECT: **BILLIE SOL ESTES**
INTERSTATE TRANSPORTATION OF
STOLEN PROPERTY - BRIBERY

Tolson ☒
 Belmont ☒
 Mohr ☒
 Callahan ☒
 Conrad ☒
 DeLoach ☒
 Evans ☒
 Malone ☒
 Rosen ☒
 Sullivan ☒
 Tavel ☒
 Trotter ☒
 Tele. Room ☒
 Holmes ☒
 Gandy ☒

Rural

This is to advise that previous to today the Department had told us that they were making arrangements to obtain transcripts of hearings of Attorney General Will Wilson's courts of inquiry in Texas. These arrangements had been made with the Department through Mr. Bagwell, the General Counsel's Office, Department of Agriculture.

Today [] who is coordinating this case in the Department, advised Assistant Attorney General Miller had requested the Bureau to determine if transcripts are available for court of inquiry hearings held in Amarillo, Plainview, Lubbock, Pecos, and Austin, Texas, and determine the cost of such transcripts. [] stated transcripts were available at Dallas and were being mailed to the Department of Agriculture today. [] stated the Department would, if the transcripts were desired, stand the cost of obtaining the transcripts.

b6
b7c

ACTION:

If approved, the Dallas Office will be instructed to determine if transcripts are available and the cost.

1 - Mr. DeLoach *WBR*
 1 - Mr. Evans *mm*

GEB:jh
 (8)

REC-104

25 MAY 10 1962

67 MAY 11 1962

memo Rosen to Belmont
5/5/62 WBR/jlt

29-28704-1C 217

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 5 1962

TELETYPE

Mr. Tolson	_____
Mr. Belmont	_____
Mr. Mohr	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. DeLoach	_____
Mr. Evans	_____
Mr. Malone	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

URGENT 5-4-62 10-20 PM CST AAC
TO DIRECTOR, FBI /29-28704/
FROM SAC, SAN ANTONIO /87-5025/ 1P

BILLIE SOL ESTES, AKA., ETC., BRIBERY, CONFLICT OF INTEREST. RE SAN ANTONIO TELEPHONE CALL TO BUREAU, RETURN BUREAU CALL TODAY AND DALLAS TELEPHONE CALL. COPIES OF TRANSCRIPTS OF SIX HEARINGS HELD BY STATE OF TEXAS ATTORNEY GENERAL-S OFFICE IN AMARILLO, PLAINVIEW, LUBBOCK, PECOS AND TWO HEARINGS IN DALLAS, ALL THE HEARINGS CONDUCTED TO DATE, BEING OBTAINED PURSUANT TO BUREAU AUTHORIZATION AT FIFTEEN CENTS A PAGE. ESTIMATED TOTAL COST ONE HUNDRED FIFTY DOLLARS TO TWO HUNDRED DOLLARS. ATTORNEY GENERALS OFFICE REQUESTED TO BILL DEPARTMENT OF JUSTICE DIRECT FOR AMOUNT. ATTORNEY GENERALS OFFICE ADVISED COPIES BEING MADE BY COMMERCIAL FIRM FOR U. S. DEPARTMENT OF AGRICULTURE OF TRANSCRIPTS. STATES ATTORNEY GENERALS OFFICE ADVISES COPIES EXPECTED TO BE READY FOR DELIVERY TO FBI TUESDAY NEXT AND UPON RECEIPT THIS OFFICE WILL SHIP TO BUREAU DIRECTLY FROM AUSTIN. ATTORNEY GENERALS OFFICE TODAY ADVISED NO FURTHER HEARINGS RE SUBJECT ANTICIPATED AT THIS TIME. DALLAS AND EL PASO ADVISED A. M.

END AND ACK PLS

TTT

12-25 AM OK FBI WA HFL

REC-104

25 MAY 10 1962

67 MAY 11 1962

F B I

Date: 5/5/62

Transmit the following in PLAIN TEXT
(Type in plain text or code)Via AIRTEL AIR MAIL
(Priority or Method of Mailing)

TO: DIRECTOR, FBI (29-28704)

FROM: SAC, SAN ANTONIO (87-5025) (P)

RE: BILLIE SOL ESTES, aka. Etc.
BRIBERY, CONFLICT OF INTEREST

Re telephone call from [redacted]
of the Bureau to San Antonio on 5/5/62.

To date there have been no indications or allegations of any activities by subject or any of his associates within the San Antonio territory which have any aspects of a violation of the ITSP Statute. Consequently, there has been no investigation in this division or is there any investigation now pending along these lines.

3 - Bureau
1 - Dallas (58-188)
1 - El Paso (29-351) INTEL
2 - San Antonio FBI
EEK:ch
(7)

REC-104

29-28704-219
4 MAY 8, 1962Approved: E. C. Williams

Sent

M

Per

Special Agent in Charge EEK

67 MAY 11 1962

b6
b7c

5/8/62

PLAIN TEXT

TELETYPE

URGENT

TO SACS EL PASO
DALLAS
SAN ANTONIO

FROM DIRECTOR FBI

BILLIE SOL ESTES, BRIBERY; CONFLICT OF INTEREST.

RE SA TEL MAY SEVEN LAST REGARDING REQUEST OF

CRIMINAL DIVISION, DEPARTMENT OF JUSTICE.

ALL OFFICES IMMEDIATELY INSTITUTE INVESTIGATION AS SET FORTH IN RETEL AND FURNISH RESULTS TO THE BUREAU SUITABLE FOR DISSEMINATION TO THE DEPARTMENT. THIS INVESTIGATION SHOULD BE HANDLED EXPEDITIOUSLY. BUDED MAY FIFTEEN NEXT. SUBMIT RESULTS EARLIER IF AT ALL POSSIBLE.

FEDERAL BUREAU OF INVESTIGATION
U S DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 8 1962

TELETYPE

GEB:bm
(3)

Tolson _____
Belmont _____
Mohr _____
Callahan _____
Conrad _____
DeLoach _____
Evans _____
Malone _____
Rosen _____
Sullivan _____
Tavel _____
Trotter _____
Tele. Room _____
Holmes _____
Gandy _____

MAIL ROOM ☐

TELETYPE UNIT ☐

67 MAY 11 1962

MAY 9 10 00 AM '62

F.B.I.
COMMUNICATIONS SECTION

b6
b7c

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 8 1962

TELETYPE

URGENT 5/8/62 12-32 PM JDS
TO SACS EL PASO AND DALLAS AND SAN ANTONIO
FROM DIRECTOR, 1 PAGE

BILLIE SOL ESTES, BRIBERY., CONFLICT OF INTEREST.

RE SA TEL MAY SEVEN LAST REGARDING REQUEST OF

CRIMINAL DIVISION, DEPARTMENT OF JUSTICE.

ALL OFFICES IMMEDIATELY INSTITUTE INVESTIGATION AS SET
FORTH IN RETEL AND FURNISH RESULTS TO THE BUREAU SUITABLE FOR
DISSEMINATION TO THE DEPARTMENT. THIS INVESTIGATION SHOULD BE
HANDLED EXPEDITIOUSLY. BUDED MAY FIFTEEN NEXT. SUBMIT RESULTS
EARLIER IF AT ALL POSSIBLE.

END ACK PLS

SA OK FBI SA CJ
DL OK FBI DL EEA
EP OK FBI EP JRH
TU DISC

b6
b7c

GENERAL INVESTIGATION

DIVISION

3-62

[redacted] of the Department had initially requested we check the bank account of Estes for a \$40,000 withdrawal around the time of the inauguration in January, 1961. He stated he was interested in a "transcript of the bank account" and any other large withdrawals. This check was to be confined to the First National Bank, Pecos, Texas, inasmuch as that was the bank principally used by Estes. [redacted] as now requested we broaden this investigation to check other banks used by Estes and his known enterprises and interview the receiver, referee or trustee in bankruptcy for Estes. If approved field will be instructed to conduct this investigation.

b6

b7C

Being done

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 7 1962

TELETYPE

Mr. Tolson _____
Mr. Belmont _____
Mr. Mohr _____
Mr. Callahan _____
Mr. Conrad _____
Mr. DeLoach _____
Mr. Evans _____
Mr. Malone _____
Mr. Rosen _____
Mr. Sullivan _____
Mr. Tavel _____
Mr. Trotter _____
Tele. Room _____
Miss Holmes _____
Miss Gandy _____

RGENT 5/7/62 5/04 PM CST MRH
TO DIRECTOR, FBI AND SACS, EL PASO AND DALLAS
FROM SAC, SAN ANTONIO /2P/ /87-5025/

BILLIE SOL ESTES, BRIBERY, CONFLICT OF INTEREST. RE TELEPHONE CALLS

TO BUREAU TODAY. AT THREE TWENTY FIVE P.M., [REDACTED]
CRIMINAL DIVISION, U. S. DEPT. OF JUSTICE, REQUESTED RESIDENT AGENT,
AUSTIN, TEXAS, THAT ALL BANK ACCOUNTS FOR SUBJECT OR FOR ANY OF HIS KNOWN
ENTERPRISES BE CHECKED FOR THE PERIOD OF FROM JANUARY ONE, FIFTY NINE
THROUGH APRIL THIRTY, SIXTY TWO, AND HE WAS INTERESTED IN OBTAINING
A TRANSCRIPT OF THE BANK ACCOUNTS. HE INDICATED HE WAS INTERESTED IN
POSSIBLE CORRUPTION IN GOVERNMENT AND IN LARGE UNUSUAL WITHDRAWALS AND
ALSO IN A POSSIBLE FORTY THOUSAND DOLLAR WITHDRAWAL SHORTLY BEFORE THE
LAST PRESIDENTIAL INAUGURATION. HE STATED IN ADDITION TO THE FIRST NAT-
IONAL BANK AT PECOS, TEXAS, HE BELIEVES POSSIBLY SUBJECT OR SOME OF HIS
KNOWN ENTERPRISES HAD ACCOUNTS IN THE FOLLOWING BANKS. SECURITY STATE
BANK, PECOS, TEXAS, MIDLAND NATIONAL BANK BELIEVED TO BE IN MIDLAND
TEXAS, FIRST NATIONAL BANK OF SUDAN, SUDAN, TEXAS, HALE COUNTY STATE
BANK BELIEVED TO BE IN PLAINVIEW, TEXAS. REC-104

[REDACTED] INDICATED ESTES OR HIS ENTERPRISES MAY HAVE OTHER BANK
ACCOUNTS UNKNOWN TO HIM AT THIS TIME.

[REDACTED] STATED HE HAD DETERMINED ESTES WENT INTO BANKRUPTCY IN EL
PASO AND IF THIS IS TRUE, HE WOULD LIKE THE RECEIVER, REFEREE OR TRUSTEE
OR ALL THREE CONTACTED TO SEE IF THEY HAVE ANY BOOKS OR RECORDS SHOWING

END PAGE ONE

MR. BELMONT FOR THE DIRECTOR

tel to CP
DL+SA
5/8/62
GEB:km

Request
Approved
5/8/62
JHB:km

BANK ACCOUNTS FOR SUBJECT OR ANY OF HIS ENTERPRISES AND ALSO ANY BANK ACCOUNT RECORD SHOULD BE CHECKED. [] STATED INFORMATION OBTAINED FROM THESE CHECKS SHOULD BE FORWARDED TO THE DEPARTMENT OF JUSTICE IN WASHINGTON, D. C. BUREAU INSTRUCTS NO ACTION BE TAKEN BY ANY OFFICE IN CHECKING BANK RECORDS UNTIL BUREAU CLEARANCE IS OBTAINED.

b6
b7C

~~CORR. LINE ONE, WORD ONE IS BILLIE~~

END AND ACK PLS.

HOLD ON FOR ANOTHER COR PLS

~~LINE SIXTEEN IS A PARAGRAPH STARTING WITH [] INDICATED ESTES OR HIS ENTERPRISES MAY HAVE OTHER BANK~~

b6
b7C

~~AND LINE EIGHTEEN WORD ONE SHOULD BE OMITTED AND WORD ONE LINE NINETEEN~~
IS PASO

~~AXX LINE EIGHT WORD IS CORRUPTION~~

END

WA 7-14 PM OK FBI WA RAM

EP OK FBI EP ST

DL OK FBI DL TEW

TU DISC

CC-MR. ROSEN

WVA 8 8 PM WVA

E. B. I.
RECEIVED-DIRECTOR

F B I

Date: 5/7/62

Transmit the following in _____
(Type in plain text or code)Via AIRTEL _____
(Priority or Method of Mailing)

TO: DIRECTOR, FBI (29-28704)

FROM: SAC, NEW YORK (87-26066)

SUBJECT: BILLIE SOL ESTES; ET AL
ITSP - MF; CONSPIRACY
(OO: El Paso)BILLIE SOL ESTES; ET AL
BRIBERY - CONFLICT OF INTEREST
(OO: Dallas)

ReButel to New York, Dallas, El Paso, and New Orleans, dated 5/1/62; NYtel to Bureau, Dallas, El Paso, and New Orleans, dated 5/2/62, and Bureau telephone call to New York, 5/7/62.

Enclosed herewith is a bound folder entitled "Commercial Solvents Corporation Billie Sol Estes agreements", Financial statements including "Billie Sol Estes - Summary of Accounts - Period May, 1958 through March 31, 1962", "Billie Sol Estes - Notes Receivable", "Billie Sol Estes - Collections", and "Billie Sol Estes - Sales Analysis - 1958 - 3/31/62". Also enclosed is Commercial Solvents Corporation Annual Report 1961, and Commercial Solvents Corporation Notice of Annual Meeting and Proxy Statement dated April 5, 1962.

The above documents were made available to SA [redacted]

- ENCLOSURE
- 3 - Bureau (29-28704) (Encls. 7)
 - 2 - Dallas (58-188)
 - 2 - El Paso (29-351)
 - 1 - New York (87-26066)

EAS:alg
(9)

REC-104

25 MAY 8 1962

b6
b7c

Approved: _____

Sent _____ M Per _____

C C - Wick

Special Agent in Charge

67 MAY 11 1962

NY 87-26066

[redacted] Commercial Solvents Corporation, on 5/4/62.
[redacted] advised that these documents need not be
returned.

b6
b7c

For the information of Dallas and El Paso, the
NYO is including in their report memorandum summarizing
Commercial Solvents Corporation dealings with ESTES. This
memorandum is a part of above-described bound folder.

5/7/62

PLAIN TEXT

TELETYPE

URGENT

REC-104 24 2324-222

TO SACS EL PASO
DALLAS
SAN ANTONIO

FROM DIRECTOR FBI

BILLIE SOL ESTES, INTERSTATE TRANSPORTATION OF STOLEN
PROPERTY DASH BRIBERY.

[REDACTED] OF THE DEPARTMENT HAS REQUESTED FEDERAL
BUREAU OF INVESTIGATION REVIEW ESTES' BANK ACCOUNTS FOR ANY
LARGE SUM WITHDRAWALS. HE MENTIONED A FORTY THOUSAND DOLLAR
WITHDRAWAL AROUND THE TIME OF THE INAUGURATION IN JANUARY,
NINETEEN SIXTY-ONE. [REDACTED] STATED THAT CHECK OF ESTES'
BANK ACCOUNT COULD BE CONFINED TO THE FIRST NATIONAL BANK,
PECOS, TEXAS, INASMUCH AS HE HAD INFORMATION THAT ESTES BANKED
PRINCIPALLY AT THAT BANK. THE PERIOD OF THE INVESTIGATION
SHOULD BE FROM JANUARY ONE, NINETEEN FIFTY-NINE THROUGH
APRIL THIRTY, NINETEEN SIXTY-TWO. [REDACTED] REQUESTS A QUOTE
TRANSCRIPT OF THE BANK ACCOUNT UNQUOTE SHOULD BE SECURED AND
FURNISHED TO THE CRIMINAL DIVISION OF THE DEPARTMENT. EL PASO
HANDLE ABOVE AND FURNISH RESULT IN FORM SUITABLE FOR DISSEMINATION
TO THE DEPARTMENT. BUDED MAY FOURTEEN, NEXT.

GEB:kak
(3)

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 7 1962

TELETYPE

Tolson _____
Belmont _____
Mohr _____
Callahan _____
Conrad _____
DeLoach _____
Evans _____
Malone _____
Rosen _____
Sullivan _____
Tavel _____
Trotter _____
Tele. Room _____
Holmes _____
Gandy _____

67 MAY 14 1962

TELETYPE UNIT

weX 5710

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 7 1962

TELETYPE

URGENT 5-7-62 7-37 PM RAM

TO SACS EL PASO, DALLAS & SAN ANTONIO
FROM DIRECTOR 1 P

BILLIE SOL ESTES, INTERSTATE TRANSPORTATION OF STOLEN PROPERTY
DASH BRIBERY.

[REDACTED] OF THE DEPARTMENT HAS REQUESTED FEDERAL BUREAU
OF INVESTIGATION REVIEW ESTES- BANK ACCOUNTS FOR ANY LARGE SUM WITH-
DRAWALS. HE MENTIONED A FORTY THOUSAND DOLLAR WITHDRAWAL AROUND THE
TIME OF THE INAUGURATION IN JANUARY, NINETEEN SIXTY-ONE. [REDACTED]
STATED THAT CHECK OF ESTES- BANK ACCOUNT COULD BE CONFINED TO THE
FIRST NATIONAL BANK, PECOS, TEXAS, INASMUCH AS HE HAD INFORMATION
THAT ESTES BANKED PRINCIPALLY AT THAT BANK. THE PERIOD OF THE INVESTI-
GATION SHOULD BE FROM JANUARY ONE, NINETEEN FIFTY-NINE THROUGH APRIL
THIRTY, NINETEEN SIXTY-TWO. [REDACTED] REQUESTS A QUOTE TRANSCRIPT OF
THE BANK ACCOUNT UNQUOTE SHOULD BE SECURED AND FURNISHED TO THE CRIMINAL
DIVISION OF THE DEPARTMENT. EL PASO HANDLE ABOVE AND FURNISH RESULT
IN FORM SUITABLE FOR DISSEMINATION TO THE DEPARTMENT. BUDED MAY
FOURTEEN, NEXT.

END & ACK PLS

EP OK FBI EP ST

DK FBI DL TW

SA OK FBI SA JWD

TU DISC

WMA 0 0 SA WMA .05

1-31
RECEIVED

b6
b7c

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. Belmont

DATE: May 7, 1962

FROM : A. Rosen

SUBJECT: BILLIE SOL ESTES
INTERSTATE TRANSPORTATION OF
STOLEN PROPERTY - BRIBERY

Tolson _____
 Belmont _____
 Mohr _____
 Callahan _____
 Conrad _____
 DeLoach _____
 Evans _____
 Malone _____
 Rosen _____
 Sullivan _____
 Tavel _____
 Trotter _____
 Tele. Room _____
 Holmes _____
 Gandy _____

WAB:te

ASAC Brooking of the San Antonio Office advised that [] from the Criminal Division of the Department was this morning in the office of Texas State Attorney General Will Wilson. [] has contacted our Resident Agent at Austin, Texas, and has requested the FBI to review Estes' bank accounts for large sum withdrawals. He mentioned a \$40,000 withdrawal around the time of the inauguration in January, 1961. The Department is also interested in any other large withdrawals on the part of Estes.

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It is not known at this point whether or not Wilson's office has examined the bank accounts of Estes.

Brooking was advised to take no action on this matter until advised by the Bureau. If you approve, instructions will be issued to the field to examine bank accounts of Estes for large and unusual withdrawals.

1 - Mr. DeLoach
 1 - Mr. Evans

WBW:jh
 (8)

ADDENDUM:

San Antonio has advised that [] of the Criminal Division had recontacted a representative of that office and stated that the check of Estes' bank account could be confined to the First National Bank, Pecos, Texas, inasmuch as he had information that Estes' banked principally at that bank, and the period could be from January 1, 1959, through April 30, 1962. He

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b7C

20 SACs, EP, DASA
 5-7-62
 JEB: hsh

REC-104

25 MAY 10 1962

29-28704-222
 6-706

Memorandum to Mr. Belmont
Re: BILLIE SOL ESTES

also requested that a "transcript of the bank account" be secured and forwarded to the Criminal Division of the Department.

|| request for this investigation will be confirmed as well as his limitation on the investigation.

b6
b7C

ABs

ok.
H
Rgm

wsu

mc

V.

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 7 1962

TELETYPE

Mr. Tolson ☒
Mr. Belmont ☒
Mr. Mohr ☒
Mr. Callahan ☒
Mr. Conrad ☒
Mr. DeLoach ☒
Mr. Evans ☒
Mr. Malone ☒
Mr. Rosen ☒
Mr. Sullivan ☒
Mr. Tavel ☒
Mr. Trotter ☒
Tele. Room ☒
Miss Holmes ☒
Miss Gandy ☒

URGENT 5-7-62 12-15 PM CST EEA

TO DIRECTOR, FBI /29-28704/ AND SACS, BALTIMORE, CHICAGO,
DETROIT, EL PASO, LOS ANGELES, MINNEAPOLIS,
AND NEW YORK

NEW YORK VIA WASHINGTON

FROM SAC, DALLAS /29-1096/ 4-P

BILLIE SOL ESTES, ETAL, ITSP DASH MAIL FRAUD, CONSPIRACY. 00-EP.

RE BU PHONE CALLS TO DALLAS AND EL PASO MAY FIVE LAST AND PRIOR
EL PASO COMMUNICATIONS IN THIS MATTER.

INVESTIGATION REQUESTED IS TO BE COMPLETED AND MATERIAL DESIRED
FORWARDED TO DALLAS AND EL PASO AS INDICATED BY MAY ELEVEN NEXT.

AT CONFERENCE, DALLAS, TEXAS, MAY FOUR LAST, ^{United States Attorney} USA, DALLAS, AND
^{Assistant United States Attorney} AUSA, EL PASO, CONCLUDED SUBSTANTIVE COUNTS CHARGING VIOLATIONS

SECTIONS TWO THREE ONE FOUR AND ONE THREE FOUR ONE, TITLE EIGHTEEN,
SHOULD BE SOUGHT AGAINST MC SPADDEN IN ^{NORTHERN DISTRICT TEXAS} NDT, COVERED BY DALLAS. THIS

IN ADDITION TO CONSPIRACY AND MAIL FRAUD INDICTMENT OUTSTANDING AT
EL PASO. FURTHER, CONSPIRACY INDICTMENT AS WELL AS SUBSTANTIVE

ITSP COUNTS, UNDER CONSIDERATION IN BOTH DALLAS AND EL PASO, RE ROBERT
E. CLEMENTS, FORMER OWNER, SUPERIOR MANUFACTURING CO., PRIOR TO MAY
ONE, SIXTY. INVESTIGATION TO DATE INDICATES SUFFICIENT EVIDENCE TO

SHOW CLEMENTS ENGAGED IN SIMILAR FRAUDULENT CONTRACTS TO THAT

ALREADY DISCLOSED THIS MATTER.

RELAYED TO NY

MR. BELMONT FOR THE DIRECTOR

67 MAY 11 1962

PAGE TWO

REVIEW OF FILES AND REPRODUCTION OF SAME REQUESTED HEREAFTER IS TO BE MADE BY OFFICES INDICATED REGARDLESS WHETHER COPIES OF SUCH FILES HAVE BEEN PREVIOUSLY MADE OR AVAILABLE AT BRANCH OFFICES. LOAN PACKAGES REPRODUCED SHOULD BE COMPLETE AND INCLUDE CONTRACTS, ASSIGNMENTS, FILING DATA, CREDIT OR FINANCIAL STATEMENTS, CHECKS DISBURSED, AND EVIDENCE OF FINANCE COMPANIES TO ESTABLISH INTERSTATE CHARACTER.

RE MC SPADDEN-- PRIOR INVESTIGATION ESTABLISHED MC SPADDEN GENERATED EXCESS TWO MILLION DOLLARS IN CONTRACTS USING FOLLOWING AS PURPORTED PURCHASERS--



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b7C

BILLIE SOL ESTES /ONE CONTRACT DISCOUNTED WITH PACIFIC FINANCE CO., APPROXIMATING FORTYTHREE THOUSAND DOLLARS/



PAGE THREE

COLEMAN D. MC SPADDEN /CERTAIN CONTRACTS ORIGINALLY DRAWN
IN OTHER INDIVIDUALS NAMES AND WERE SUBSEQUENTLY TRANSFERRED TO
MC SPADDEN/.

AT DALLAS MEETING OF FINANCE COMPANIES, LATE MARCH LAST, IT
WAS INDICATED CONTRACTS IN ABOVE NAMES HELD BY
AND CO., CHICAGO, PRIONEER FINANCE CO., DETROIT, CIT CORP., NEW YORK
CITY, COMMERCIAL CREDIT CORP., BALTIMORE, ASSOCIATES INVESTMENT CO.,
SOUTH BEND, IND. /TO BE HANDLED BY DALLAS/, PACIFIC FINANCE CO.,
LOS ANGELES, AND KUYKENDALL INVESTMENT CO., LUBBOCK, TEXAS /DALLAS
WILL HANDLE/.

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b7c

CHICAGO, DETROIT, NEW YORK, BALTIMORE AND LOS ANGELES HANDLE
PURSUANT TO INSTRUCTIONS ABOVE. FURNISH COPIES OF LOAN PACKAGES
TO DALLAS ONLY.

RE ROBERT E. CLEMENTS-- OFFICES RECEIVING, INCLUDING MINNEAPOLIS
AT TALCOTT, CONTACT RESPECTIVE FINANCE COMPANIES AND SECURE TWO
COPIES EACH OF COMPLETE LOAN PACKAGES DISCOUNTED BY SUPERIOR FOR
PERIOD JAN. ONE, FIFTYNINE THROUGH MAY ONE, SIXTY. LIMIT LOAN
PACKAGES BY REVIEW OF CONTRACTS TO THOSE DESCRIBING EQUIPMENT

PAGE FOUR

AND/OR COLLATERAL BEARING SERIAL NUMBERS AT VARIANCE WITH SERIAL NUMBERS OF KNOWN TANKS MANUFACTURED BY SUPERIOR IN THAT PERIOD. INVESTIGATION HAS ESTABLISHED DURING CLEMENTS OWNERSHIP AND PARTICULARLY PERIOD IN QUESTION, TANKS PRODUCED BY SUPERIOR WERE ASSIGNED SERIAL NUMBERS IN THE SEQUENCE THREE NINE FIVE FOUR EIGHT THROUGH FOUR TWO EIGHT THREE EIGHT. ANY CONTRACTS BEARING TANK SERIAL NUMBERS AT VARIANCE WITH ABOVE AND DATED IN THIS PERIOD SHOULD BE ASSUMED FRAUDULENT AND LOAN PACKAGES REPRODUCED, FURNISHING COPIES OF SAME TO BOTH DALLAS AND EL PASO.

ALL OFFICES EXPEDITE AND INSURE DEADLINE MET SINCE INVESTIGATION SUGGESTED BY THIS MATERIAL CANNOT BE CONDUCTED UNTIL MATERIAL RECEIVED.

||| ESTES MAY HAVE SUICIDAL TENDENCIES.

EP AND LA TO BE ADVISED

END CK IN ORD PLS

WA 2-32 PM OK FBI WA LVS FOR RELAY

BA OK FBI BA KAC

CG OK FBI CG ET

DES OK FBI DE LAA

MP TXX OK FBI MP SCH

TU DISC V

CC-MR. ROSEN

GENERAL INVESTIGATION DIVISION

5/7/62

Incoming sets out leads which will extend our investigation of substantive violations of the Interstate Transportation of Stolen Property Statutes. Robert Clements, father of Frank Clements, former Governor of Tenn~~s~~, and Coleman McSpadden, who is already under indictment as a conspirator, may be involved.

The investigation could result in additional indictments of Clements and McSpadden as principals.

A large, stylized handwritten mark, possibly a signature or initials, consisting of a large loop and a trailing stroke.

F B I

Date: 5/7/62

Transmit the following in _____
(Type in plain text or code)Via AIRTEL _____
(Priority or Method of Mailing)

Mr. Tolson	_____
Mr. Belmont	_____
Mr. Mohr	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. DeLoach	_____
Mr. Evans	_____
Mr. Malone	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

TO: DIRECTOR, FBI (29-28704)

FROM: SAC, WFO (87-8242) (P)

Me
 BILLIE SOL ESTES, et al
 BRIBERY; CONFLICT OF INTEREST
 (OO:DL)

Cut
 Rerep of SA MANNING C. CLEMENTS dated 4/20/62,
 at Dallas.

On 5/2/62, [] (protect identity) identified

b7D

- ③ - Bureau
 2 - Dallas (87-188) (AM)
 2 - El Paso (29-1351) (AM)
 2 - Oklahoma City (87-7903) (AM)
 2 - Richmond (AM)
 1 - WFO

AJS:mfd
 (12)

AIRTEL

C. C. Wick

Approved: _____ Sent _____ M Per _____

Special Agent in Charge

67 MAY 14 1962

WFO 87-8242

b7D

The above information furnished by [redacted] should not be made public without the issuance of a subpoena duces tecum.

According to [redacted]
[redacted]

WFO 87-8242

The Dallas, El Paso and Oklahoma City Offices are requested to identify the numbers of the subscribers called by subjects set forth above.

Richmond is requested to check the IBM records located with the telephone company at Richmond, Virginia, for any further information regarding the above calls and particularly the collect toll calls.

For the information of the Oklahoma City Office the bank account of EMERY E. JACOBS is located at the Liberty National Bank, Oklahoma City, Oklahoma,

The Oklahoma City Office is requested to examine JACOBS' bank account for pertinent information to this case and ascertain any other banking facilities utilized by JACOBS.

Telephone Calls made by subjects to states other than Oklahoma and Texas are not being checked pending results of check of toll calls contained in this airtel.

ESTES REPORTED TO HAVE SUICIDAL TENDENCIES.

F B I

Date: 5/7/62

Transmit the following in _____
(Type in plain text or code)Via AIRTEL _____
(Priority or Method of Mailing)

Mr. Tolson	_____
Mr. Belmont	_____
Mr. Mohr	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. DeLoach	_____
Mr. Evans	_____
Mr. Malone	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

TO: DIRECTOR, FBI (29-28704)

FROM: SAC, WFO (87-8242) (P)

BILLIE SOL ESTES, et al
BRIBERY; COI
(OO:DL)

ReBuairtels to WFO 5/3/62.

Dr. JAMES T. RALPH, Former Assistant Secretary, U.S. Department of Agriculture (USDA), telephonically advised instant date that several days ago [redacted] for MBS advised him that [redacted] for Secretary of Agriculture ORVILLE FREEMAN, had advised him that the FBI was attempting to reconcile his, Dr. RALPH's, and that of Neiman - Marcus clerks which was given before the Court of Inquiry in Dallas, Texas, recently. Dr. RALPH stated that this was the reason that he indicated a desire to talk to the FBI in this matter.

Dr. RALPH advised that in conversations with Senate investigators, not otherwise identified, and his own attorney, that he knew of no conflict concerning the above-mentioned testimony. Dr. RALPH was advised that the FBI was interested in obtaining all the facts in this case and would be willing to talk to him. It was also pointed out that agents desired to contact him concerning another matter related to the investigation. (Re memorandum he reportedly wrote concerning postal money orders sent to him by ESTES.)

- 3 - Bureau
1 - Dallas (58-188) (Info) (AMSD)
1 - El Paso (29-351) (Info) (AMSD)
1 - WFO

AJS:skh
(6)

C. C. Wick

AIRTEL

REC-104

29-28704-225

25 MAY 10 1962

Approved: _____ Sent _____ M Per _____

Special Agent in Charge

67 MAY 11 1962

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WFO 87-8242

Arrangements were made to interview Dr. RALPH at 9:30 a.m., 5/8/62, at the WFO.

Efforts to contact N. BATTLE HALES, USDA, negative as HALES did not appear at work today, according to office employees. Further efforts will be made to contact HALES on 5/8/62 and question him per Bureau instructions concerning the 4 documents he had previously mentioned pertinent to instant case which were obtained from his former files.

Copies of the "Transcript of Press Conference, ~~Friday, May 7, 1962, 12:00 p.m.~~" were made available by Secretary FREEMAN, on instant date and a copy has been delivered to the Bureau.

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WFO plans to review the transcript and submit answers to any questionable or false statements contained in the transcript.

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION
MAY 7 1962

TELETYPE

Mr. Tolson.....
Mr. Belmont.....
Mr. Mohr.....
Mr. Callahan.....
Mr. Conrad.....
Mr. DeLoach.....
Mr. Evans.....
Mr. Malone.....
Mr. Rosen.....
Mr. Sullivan.....
Mr. Tavel.....
Mr. Trotter.....
Tele. Room.....
Miss Holmes.....
Miss Gandy.....

URGENT 5-7-62 12-50 PM CST EEA

TO DIRECTOR, FBI - ATTN-- GENERAL INVESTIGATIVE DIV.

AND SAC, WASHINGTON FIELD

FROM SAC, DALLAS /58-188/ 2-P

BILLIE SOL ESTES, AKA., ETAL., BRIBERY, CONFLICT OF INTEREST.
RE BUAIRTEL, MAY THREE LAST.

NEIMAN-MARCUS SALES TICKET SIX THREE ONE ONE EIGHT DASH FOUR NINE, DATED SEPT. FOURTEEN LAST, REVEALS TWO SUITS PURCHASED BY RALPH, CHARGED TO ESTES. SENT QUOTE AIR MAIL END QUOTE, TO BILLIE SOL ESTES, WASHINGTON HOTEL, WASHINGTON, DC., CHARGES TWO DOLLARS EIGHTY CENTS. SALESMEN SHOW QUOTE AIR MAIL END QUOTE ON ALL TICKETS SENT BY AIR. FURTHER CHECK IN SHIPPING ROOM DISCLOSES THIS SHIPMENT SENT AIR EXPRESS, SEPT. FIFTEEN LAST, WAYBILL FIVE THREE DASH THREE NINE DASH EIGHTY ONE, DESCRIBED AS ONE CARTON MERCHANDISE, WEIGHT ELEVEN POUNDS.

RAILWAY EXPRESS AGENCY, DALLAS, STATES PAPERS IN CONNECTION THIS SHIPMENT, INCLUDING SIGNATURE OF HOTEL EMPLOYEE SIGNING FOR SAME, CAN BE LOCATED THROUGH [REDACTED] REA DISTRICT ACCOUNTING BUREAU, SECOND AND I STREETS, NE, WASHINGTON. VALUE OF SHIPMENT WILL BE SHOWN AS FIFTY DOLLARS, DESPITE GREATER ACTUAL VALUE, AS IS NEIMAN-MARCUS PRACTICE.

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REC-104

25 MAY 10 1962

TWO COPIES WEC

67 MAY 11 1962

PAGE TWO

INFO DEVELOPED BY AG WILSON REVEALS INVESTIGATOR REPORTED ABOVE
PACKAGE SIGNED FOR BY HOTEL EMPLOYEE [REDACTED] SEPT. SIXTEEN LAST. ^{b6}
_{b7c}

NOTE WASHINGTON FIELD HAS PREVIOUSLY DEVELOPED INFO ESTES
REGISTERED AT ABOVE HOTEL SEPT. SEVENTEEN LAST. WASHINGTON FIELD
RECHECK HOTEL RECORDS ON ABOVE BASIS.

ESTES MAY HAVE SUICIDAL TENDENCIES.

END AND ACK PLS

U2958CPM OK FBI WA 7.VLH

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. Belmont *JB*

DATE: May 7, 1962

FROM : A. Rosen *AR*SUBJECT: BILLIE SOL ESTES
INTERSTATE TRANSPORTATION
OF STOLEN PROPERTY - BRIBERY

Tolson	_____
Belmont	_____
Mohr	_____
Callahan	_____
Conrad	_____
DeLoach	_____
Evans	_____
Malone	_____
Rosen	_____
Sullivan	_____
Tavel	_____
Trotter	_____
Tele. Room	_____
Holmes	_____
Gandy	_____

This is to recommend that Dr. James T. Ralph, who is the employee of the Department of Agriculture against whom some administrative action may be taken because of his involvement in the Estes case and who has indicated that he has received a subpoena to appear before McClellan Committee representatives 5/8/62 and would like to confer again with the agent who previously interviewed him in order to clear up discrepancies, be interviewed.

Supervisor [redacted] of the Bureau [redacted] from Ralph [redacted] Virginia, and has been able to avoid contact with him until last Saturday. At that time Ralph contacted SA [redacted] and confidentially told him that he had received a subpoena and wanted to know whether he should contact the agent who previously interviewed him in this matter in order to clear up any discrepancies. [redacted] told Ralph that he could not advise him in this regard but that if he had any discrepancies that he would like to clear up that he should recontact the agent who interviewed him.

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Ralph has been previously interviewed by Washington Field Agents and has denied receiving any gifts or showing any favoritism to Estes.

RECOMMENDED ACTION

It is believed desirable that an Agent contact Ralph as soon as possible for whatever information he may desire to furnish or discrepancies cleared up. If you approve, this will be done.

1 - Mr. DeLoach
1 - Mr. Evans

REC-104

WBW:ige
(9)

25 MAY 10 1962

52 MAY 11 1962

Date 5/31/62

To

☒ Director

FILE # Bu. 29-28704

Att.

Title ELLIE SOL ESTES

☐ SAC

☐ ASAC

☐ Supv.

☐ Agent

☐ SE

☐ CC

☐ Steno

☐ Clerk

ACTION DESIRED

☐ Acknowledge

☐ Assign.....Reassign.....

☐ Bring file

☐ Call me

☐ Correct

☐ Deadline.....

☐ Deadline passed

☐ Delinquent

☐ Discontinue

☐ Expedite

☐ File

☐ For information

☐ Initial & return

☐ Leads need attention

☐ Return with explanation or notation as to action taken.

☐ Open Case

☐ Prepare lead cards

☐ Prepare tickler

☐ Recharge serials

☐ Return assignment card

☐ Return file

☐ Return serials

☐ Search and return

☐ See me 29-28704-

☐ Send Serials

☐ to

☐ Submit new 4 chdr 1962-out

☐ Submit report by

☐ Type

228 Corrections in WFO report of 5/8/62
SA ANDREW J. SHANNON

Over
M. W. JOHNSON
Office WFO

X See reverse side

CONSOLIDATION

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE WASHINGTON FIELD	OFFICE OF ORIGIN DALLAS	DATE 5/8/62	INVESTIGATIVE PERIOD 4/23/62 - 5/2/62
TITLE OF CASE BILLIE SOL ESTES, ET AL		REPORT MADE BY ANDREW J. SHANNON	TYPED BY kmm
		CHARACTER OF CASE BRIBERY; CONFLICT OF INTEREST	

REFERENCES

Report of SA MANNING G. CLEMENTS dated 4/20/62, at Dallas; report of SA ANDREW J. SHANNON dated 4/23/62, at Washington, D.C.; Octel to Bureau, WFO and El Paso dated 4/22/62; Kctel to Bureau, Dallas, El Paso, and WFO dated 4/20/62; WFOtel to Bureau, Dallas, El Paso, and Kansas City dated 4/23/62; WFOairtel to Bureau dated 4/23/62; WFOtel to Bureau, Dallas, El Paso, Kansas City dated 4/24/62; EPairtel to Bureau and all offices dated 4/24/62; WFOairtel to Bureau dated 4/24/62; WFOtel to Dallas, El Paso, and Oklahoma City dated 4/25/62; WFOtels to Bureau, Dallas, El Paso dated 4/26/62; WFOairtel to Dallas, El Paso, and Richmond dated 4/27/62; Bureau telephone call to WFO on 4/27/62; WFOairtel to Bureau dated 4/30/62; WFOairtel and letterhead memo to Bureau dated 5/1/62; and WFOtel to Bureau, El Paso, Dallas, New York, and New Orleans dated 5/1/62.

- P -

APPROVED <i>[Signature]</i>	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN SPACES BELOW	
COPIES MADE:		<div style="text-align: right;">29-28704-228</div> <div style="text-align: right;">25 MAY 10 1962</div> <div style="text-align: right;">REC-104</div> <div style="text-align: right;">REC-62</div> <div style="text-align: right;">EX-11</div>	
4 - Bureau (29-28704) 4 - Dallas (58-188) (Enc 1) (1- USA, Ft. Worth, Texas) 4 - El Paso (29-351) (Enc 1) (1- USA, El Paso, Texas) 1 - Houston (58-111) (Info) 1 - Kansas City (58-194) (Info) 1 - New Orleans (58-169) (Info) (copies con't on cover page B)		Notations 1 cc destroyed 3-3-69 1 cc (encl.) Dept. of Justice - Civil Div.	
Dissemination Record of Attached Report			
Agency			
Request Recd.	1 CO		
Date Fwd.	TC		
How Fwd.	50 MAY 17 1962		
By	5/18/62		

67 MAY 11 1962

WFO 87-8242

CONTINUED FROM COPY COUNT

- 1 - New York (Info)
- 1 - Oklahoma City (87-7903) (Info)
- 2 - Richmond
- 1 - San Antonio (Info)
- 3 - Washington Field (87-8242)

ENCLOSURES

TO DALLAS

One copy of U.S. Department of Agriculture (USDA), Agricultural Marketing Service, Service and Regulatory Announcements No. 127, Revised, Regulations for Warehousemen Storing Grain, As Amended, made available by CARL J. MILLER, Chief, U.S. Warehouse Act Branch, Special Services Division, Agricultural Marketing Service (AMS), USDA.

TO EL PASO

One copy of USDA, AMS, Service and Regulatory Announcements No. 127, Revised, Regulations for Warehousemen Storing Grain, As Amended, made available by CARL J. MILLER, Chief, U.S. Warehouse Act Branch, Special Services Division, AMS, USDA.

ADMINISTRATIVE DATA

Referenced El Paso airtel to Bureau and all offices dated 4/24/62, advised that El Paso is the office of origin in the ITSP; Mail Fraud - Conspiracy matter re ESTES and Dallas is the office of origin in the Bribery; Conflict of Interest matter re ESTES. It was requested that copies of all reports and other communications should be furnished both El Paso and Dallas.

On 4/23/62, [redacted] telephonically advised SA [redacted] that EMERY E. JACOBS, former Deputy Administrator, State and County Operations, Agricultural Stabilization and Conservation Service (ASCS), had telephonically contacted [redacted] on that date at which time JACOBS stated that he was to see Mr. O'DONNELL (Phonetic) of the Senate McClellan Committee on 4/24/62, and thereafter would contact [redacted]

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WFO 87-8242

On 4/23/62, at approximately 6:30 p.m. SA [redacted] telephonically contacted [redacted] THOMAS SMART, Deputy Administrator, Fiscal Division, ASCS, in an effort to locate JACOBS, at which time [redacted] advised that JACOBS was at her residence in [redacted] Virginia, between 4:45 and 5:00 p.m. for a few minutes. She advised that JACOBS, who had left his personal car near [redacted] residence, was driven to her house by Mrs. CAMPBELL, JACOBS's secretary. According to [redacted] JACOBS came into her house for a few minutes, obtained his car keys and departed in his car. [redacted] could furnish no further information concerning JACOBS.

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On 4/23/62, JACOBS was telephonically located at 6:45 p.m. at his residence in Arlington, Virginia, and interviewed later in the evening by Agents.

Reference is made to WFO teletype dated 4/26/62, to the Bureau, Dallas, and El Paso which advised that WFO did not plan to review the travel vouchers of CARL J. MILLER, U.S. Warehouse Act Branch, Special Services Division, Agricultural Marketing Service (AMS), USDA, in view of the fact no evidence developed of irregularities in MILLER's actions or improper conduct on his part in the bond matter relating to ESTES's Warehouses (United Elevators).

Reference is made to WFO airtel to the Bureau dated 4/30/62, and WFO airtel and letterhead memo to the Bureau dated 5/1/62. Contacts were made with N. BATTLE HALES, former Staff Assistant, Office of the Deputy Administrator, State and County Operations, ASCS, USDA, presently assigned to the Defense Services Staff, ASCS, in an effort to have him sign the statement setting forth the results of the interview with him on 4/19/62, as set out in referenced report of SA ANDREW J. SHANNON at Washington, D.C., dated 4/23/62, as well as in the administrative section of the referenced report. As reflected in instant report HALES still claims that there are certain documents that were formerly under his jurisdiction while he was with the Office of the Deputy Administrator, State and County Operations, ASCS, which he had intended to make available to Agents and which he still claims are pertinent to instant case.

WFO 87-8242

Referenced WFO airtel to Bureau dated 4/30/62, recommended that contacts be made with [redacted] Secretary of Agriculture, and he be advised that HALES alleges that there are pertinent documents in his former files which he cannot furnish unless he has access to his files. It would be pointed out to [redacted] that whether the files are made available to HALES is within the prerogative of the Department of Agriculture. It would also be pointed out to [redacted] that HALES has been advised that the FBI stands ready and willing to obtain the additional information that he has in instant matter in the event that [redacted] desires to make the files available to HALES and any other representative of the USDA. It ~~would~~ be clearly pointed out to [redacted] that the FBI is not requesting that the USDA make those files available to HALES but that if the USDA makes the files available to HALES under their control and HALES extracts the additional information which he alleges is contained in documents in the files, that the FBI is available and ready to accept this information from HALES.

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WFO was requested by the Bureau to place background of contacts with HALES in a letterhead memo, with the exception of WFO recommendations, and letterhead memo was to be furnished to the Department of Justice.

Reference is made to WFO teletype to Bureau, Dallas, and El Paso dated 4/26/62, concerning HALES's comment on 4/25/62, that his [redacted] had "cracked up" that morning and was taken away by police to the hospital. It was pointed out to HALES by Agents that [redacted] was not interviewed in connection with instant investigation and the only time she was interviewed by Agents was on 4/20/62, when HALES was locked out of his former office by the USDA and the records of his office removed from his jurisdiction. It was pointed out to HALES that [redacted] was only interviewed at this time as she wanted to go on record concerning the developments that had happened that morning in connection with HALES being locked out of his office.

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Reference is made to WFO airtel to Bureau dated 4/24/62. On 4/24/62 [redacted] Secretary of Agriculture, ORVILLE FREEMAN, made available the letter from the Attorney General of Texas to Secretary FREEMAN dated 4/23/62, set out in

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instant report concerning discrepancies in testimony of Dr. RALPH and employees of the Neiman-Marcus Store before the Court of Inquiry in Dallas, Texas.

At the time [] made available the letter to SA SHANNON he advised the Agent that Secretary FREEMAN had seen the letter and desired to talk to Agent SHANNON.

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Secretary FREEMAN advised that the letter from the Attorney General WILSON appeared to contain wide discrepancies between the testimony of the employees of Neiman-Marcus Store and Dr. RALPH. He advised that he had not seen the official transcript of the testimony taken in Texas, however, he stated that if the information contained in the letter was true that Dr. RALPH would be dismissed. Secretary FREEMAN stated he desired to resolve the matter and felt that Dr. RALPH should be interviewed immediately concerning the information contained in the letter. He wanted to know whether or not Dr. RALPH would be interviewed by the FBI immediately concerning the information contained in the letter and if not, he desired to have the Department of Agriculture investigators look into the matter.

Secretary FREEMAN stated that it was necessary that he know immediately "and not next week" concerning what steps would be taken in this matter, pointing out that there was the matter of the publicity and inquiries from the newspapers, as well as his personal feelings that he did not tolerate any misconduct from employees of the Department of Agriculture.

Secretary FREEMAN was aware that the Agent would not be able to furnish an answer to his inquiry and the Agent advised him that his feelings in this matter would be called to the attention of the Bureau. It was pointed out to Secretary FREEMAN by the Agent that the FBI had no jurisdiction over the administrative matters of the Department of Agriculture.

The above matter concerning Secretary FREEMAN's feelings concerning the letter from the Attorney General of Texas were furnished to the Bureau. The above matter was furnished to the Department of Justice and Bureau permission was given to contact Dr. RALPH and have him sign the statement prepared as the result of the interview with him on 4/17/62.

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Reference is made to WFO teletype to the Bureau, Dallas, and El Paso dated 4/26/62. EDWARD M. LOWEREE, Chief, Division of Investigations, USDA, telephonically advised SA SHANNON on 4/25/62, that WILLIAM E. MORRIS, former Assistant to ~~DR. RALPH~~ and MORRIS's attorney were to meet with [redacted] Secretary of Agriculture, after contacting the Director of Personnel, USDA. LOWEREE stated that [redacted] had certain questions to ask MORRIS which were internal matters relating to the USDA. LOWEREE advised that he felt that Agents might like to be present during the interview between [redacted] and MORRIS. It was pointed out to LOWEREE that Agents could not participate in a joint interview and particularly not in any administrative or personnel matter relating to the USDA. As set forth in instant report, LOWEREE was advised that if MORRIS indicated a desire to talk to the FBI that Agents would be willing to talk to MORRIS. LOWEREE stated that if MORRIS so indicated he would advise SA SHANNON.

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Copies of signed statements furnished by the following individuals contained in instant report were furnished to these individuals per their request:

EMERY EARL JACOBS
N. BATTLE HALES (statements 4/26/62 and 4/30/62)
DR. JAMES T. RALPH
MARGARET ELLEN CAMPBELL
LOUIS M. SMITH

[redacted] was also furnished a copy of the signed statement he furnished which is set out in referenced report of SA SHANNON dated 4/23/62.

Reference is made to WFO teletype to Bureau, Dallas, El Paso, and Oklahoma City dated 4/25/62, and the interview of DELBERT J. HARRILL, Director of the Internal Audit Division, ASCS, in instant report. It has been pointed out that the USDA has been advised by the U.S. Department of Justice (USDJ) that all cases coming to the attention of the USDA which appear to involve criminal violations of statutes administered by the USDA should be referred to the USDJ for evaluation. In view of the lack of allegations regarding any irregularities or criminal activities on the part of USDA personnel or ESTES in the files contained in HARRILL's office, these files were not reviewed. In view of the volume of investigative files contained in the USDA, it is felt that the procedure that

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is in existence, whereby USDA reviews these files for evidence of criminal activities and then refers matters to the USDJ should be relied upon.

LEADS

HOUSTON, KANSAS CITY, NEW ORLEANS, NEW YORK,
OKLAHOMA CITY, SAN ANTONIO (INFORMATION)

A copy of instant report is being sent to above offices as information contained in this report may be pertinent to investigations conducted or being conducted by these offices.

RICHMOND DIVISION

AT MC LEAN, VIRGINIA

1. Will examine checking account of Dr. JAMES T. RALPH [redacted] at the Fairfax County Bank for any pertinent information to instant investigation.

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2. Will ascertain if Dr. RALPH has a savings account, safe deposit box, or has obtained any loans from the Fairfax County Bank.

WASHINGTON FIELD OFFICE

AT WASHINGTON, D. C.

1. Will through appropriate banking sources locate and examine the bank accounts and ascertain the banking facilities utilized by WILLIAM E. MORRIS and EMERY E. JACOBS.

2. Will report the results of the examination of the telephone toll calls made by subjects RALPH, MORRIS, JACOBS [redacted] during 1961 and 1962.

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3. Will conduct any additional investigation requested by the Department of Justice in this case, requested through the Bureau.

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1- USA, Fort Worth
1- USA, El Paso

Report of: ANDREW J. SHANNON
Date: 5/8/62

Office: Washington, D. C.

Field Office File #: 87-8242

Bureau File #: 29-28704

Title: BILLIE SOL ESTES, et al

Character: BRIBERY; CONFLICT OF INTEREST

Synopsis: U. S. Department of Agriculture (USDA) has referred ESTES' "Pooled Cotton Allotment" case to U. S. Department of Justice (USDJ); file to be reviewed by USDJ. Secretary of Agriculture ORVILLE FREEMAN received letter dated 4/23/62, from WILL WILSON, Attorney General of Texas, which letter set out discrepancies in testimony of Dr. JAMES T. RALPH, Former Assistant Secretary, USDA, and employees of Neiman-Marcus Store at Court of Inquiry, Dallas, Texas. Dr. RALPH, in signed sworn statement dated 4/26/62, admits being in Neiman-Marcus Store in Dallas on 9/8/61, with subjects MORRIS and ESTES, and alone on 10/24/61. He claims on 9/8/61, he only tried on overcoats, suits and a pair of alligator shoes, however, made no purchases; claims in store 10/24/61, to purchase blouse for wife and exchange shirts for father-in-law and to best recollection made no purchases on this date. RALPH also furnished information, which he would not include in signed statement, that in early 1962, he received two \$100 postal money orders from ESTES, which he and MORRIS decided could only be for purchase of tickets to Democratic Party dinner; claims endorsed money orders to the Democratic Party. He also claims he advised Secretary FREEMAN of receipt of money orders from ESTES by memorandum, although Secretary FREEMAN advised him he could not recall receiving the memorandum. EMERY EARL JACOBS, former Deputy Administrator, State and County Operations, Agricultural Stabilization and Conservation Service (ASCS), in signed sworn statement dated 4/24/62, claims in October, 1961, he made purchases at Neiman-Marcus Store and paid for purchases with his own

money. Claims ESTES insisted upon paying his hotel bill while in Dallas in October, 1961; claims only received gift of pecans from ESTES and ride in ESTES' private plane to Pecos, Texas. JACOBS claimed handled all his USDA matters as he felt they should be handled. Under Secretary CHARLES S. MURPHY, USDA, claims JACOBS participated in several meetings where ESTES' cotton allotments were discussed; he advised that JACOBS tended to be more lenient toward the transactions of ESTES than others, but JACOBS never pressed his view, and MURPHY had no reason to believe JACOBS assisted ESTES regarding his cotton allotments. On 4/26/62, N. BATTLE HALES, former Staff Supervisor, State and County Operations, ASCS, executed a signed sworn statement setting forth results of interview with him on 4/19/62. On 4/30/62, sworn statement obtained from HALES at his insistence, containing data re his difficulties with USDA concerning files in his former office, and in which statement HALES mentioned there were still documents in his former files pertinent to instant case. Copies of statements furnished to USDA by WILLIAM E. MORRIS, former Assistant to RALPH, concerning USDA dismissal charges against him obtained. CARL J. MILLER, Chief, U. S. Warehouse Act Service, Agricultural Marketing Service (AMS), advised ESTES doing business as United Elevators, had bonds on warehouses at four locations in Texas; MILLER claims ESTES' bonds in connection with all cases exceeded maximum requirements, based on ESTES' net assets as furnished to USDA. MILLER claims no preference shown ESTES in this matter, and bond of \$700,000 was \$500,000 more than USDA formula called for. Information received by USDA that officials WALTER BERGER and JAMES A. MC CONNELL of Commercial Solvents Company, were formerly heads of the ASCS, USDA; it was also alleged that Commercial Solvents Company, which was defrauded by ESTES of large sums of money, had obtained an assignment from USDA for moneys that were owed to ESTES by USDA. Recheck of "mail signature book" at Hotel Washington, Washington, D. C., for period of 6/1-12/7/61, failed to disclose any registered mail or insured packages received at hotel by ESTES or USDA subjects in case. D. C. credit records for MORRIS and RALPH set out; no credit records located for JACOBS and [REDACTED] ESTES REPORTED TO HAVE SUICIDAL TENDENCIES.

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LSH:ejh

On April 24, 1962, [redacted] Fraud Section, Criminal Division, Department of Justice, advised SA [redacted] that by letter dated April 13, 1962, to HERBERT J. MILLER, JR., Assistant Attorney General, from JOHN C. BAGWELL, General Counsel, United States Department of Agriculture, there was furnished to the Fraud Section a copy of a report of the Investigative Division, United States Department of Agriculture dated October 27, 1961, made by agent [redacted] file number D-3-595... The report is captioned "BILLIE SOL ESTES, PECOS, TEXAS- PURCHASE OF POOLED COTTON ALLOTMENTS." [redacted] advised this report was furnished to the Department of Justice for study in connection with the mail fraud indictment against ESTES. He said the report is now in the possession of [redacted] [redacted] General Crimes Section of the Criminal Division, for study.

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[redacted] advised the above report dated October 27, 1961, will be reviewed by him or others in the General Crimes Section to determine if there exists any possible violations of existing Federal statutes. He said if further investigation is warranted, based on this review, an appropriate request will be made to the Bureau.

Date 4/27/62

[redacted]
Secretary of Agriculture, ORVILLE FREEMAN, telephonically advised that Secretary FREEMAN had received a letter dated April 23, 1962, from WILL WILSON, Attorney General of Texas, concerning the testimony of Dr. JAMES T. RALPH, former Assistant Secretary of the United States Department of Agriculture (USDA), which [redacted] stated was of interest to instant investigation.

[redacted] was personally contacted at his office in the Main Agriculture Building on the same date at which time he made available the letter from Attorney General WILSON. The letter made available is being set out in its entirety:

"THE ATTORNEY GENERAL
OF TEXAS

Austin 11, Texas
April 23, 1962

"WILL WILSON
ATTORNEY GENERAL

"Honorable Orville Freeman
Secretary of Agriculture
Department of Agriculture
Washington, D.C.

Dear Mr. FREEMAN:

"Dr. JAMES T. RALPH, formerly an Assistant Secretary of the Department of Agriculture and now in training for the position of Agricultural Attache for the Phillipines, testified Friday, April 20, in Dallas at the court of inquiry delving into the activities of BILLIE SOL ESTES.

"We thought it advisable that you be furnished a brief resume of the testimony concerning Dr. RALPH's relationship with BILLIE SOL ESTES, in order that you may take appropriate action.

"Dr. RALPH testified that during his visit to Dallas, September 7-9, 1961, he and his assistant,

On 4/24/62 at Washington, D.C. File # WFO 87-8242

by SA ANDREW J. SHANNON/dab Date dictated 4/27/62

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WILLIAM E. MORRIS, decided to take a sightseeing stroll. Mr. BILLIE SOL ESTES, who was staying at the Sheraton, the same hotel in which Dr. RALPH and MORRIS were staying, accompanied them.

"According to Dr. RALPH, Mr. ESTES suggested that the three of them visit Neiman-Marcus Department Store. Dr. RALPH states that Mr. ESTES guided them into the men's clothing department, where, pursuant to ESTES' insistent urgings, Dr. RALPH tried on "two or four" suits.

"Dr. RALPH stated that he did not purchase any of the suits, did not authorize Mr. ESTES to purchase them for him, and has not seen the suits since the date in question. Dr. RALPH did admit that two of the suits were fitted to him, i.e., he went into the fitting room and a person with chalk and measuring tape marked the suits for alteration.

"Dr. RALPH unequivocally asserted that he never purchased anything from Neiman-Marcus, that he has received no gifts whatsoever from BILLIE SOL ESTES, and that the foregoing was the extent of his transactions with Neiman-Marcus.

"However, when his attention was specifically directed to a subsequent transaction, Dr. RALPH admitted to having visited Neiman-Marcus on October 24, 1961, for the purpose of exchanging two shirts. The shirts exchanged were priced at \$16.95 each. Dr. RALPH had previously stated that he personally wore shirts in the price range of \$3.00 to \$8.95. When shown a ticket reflecting a purchase of shirts by BILLIE SOL ESTES on the date he and Mr. ESTES had previously visited Neiman-Marcus, Dr. RALPH disavowed that he had received any shirts covered by the ticket, and denied any knowledge of the purchase transaction, although the shirts shown to have been purchased were also priced at \$16.95.

"To explain the "exchange" of the shirts on October 24, Dr. RALPH stated that his father-in-law had mysteriously received two shirts by mail from "a Mr. WILSON" in Dallas. Dr. RALPH asserted that it was these two \$16.95 shirts that he exchanged at Neiman-Marcus on October 24 for five cheaper ones.

He said that neither he nor his father-in-law knew 'Mr. WILSON' and did not know why they were receiving shirts from him. Dr. RALPH did not comment on the fact that the shirts were being 'exchanged' rather than returned.

"The only reason that Dr. RALPH gave for exchanging the shirts was that they were made of the 'wrong type of fabric or cloth.'

"An inconsistent aspect of this exchange transaction is that the exchange ticket in Neiman-Marcus records showed that the shirts were exchanged because they were the 'wrong color.'

"After Dr. RALPH left the stand three members of Neiman-Marcus sales staff testified.

"Mr. BOB WATSON, men's clothing salesman, said that he remembered the visit of Dr. RALPH and BILLIE SOL ESTES late in the afternoon of September 8, 1961. He positively identified Dr. RALPH.

"WATSON said that he personally served ESTES and RALPH and sold the two suits in question. WATSON said that the two suits which Dr. RALPH tried on were fitted to him, and that Neiman-Marcus did not mark suits for alteration and fit them to the customer until the sale had been consummated. He said there was no indication by either Mr. ESTES or Dr. RALPH that the suits were unwanted or that the sale was not completed.

"WATSON testified that the two suits which were fitted to Dr. RALPH and altered accordingly, were billed to BILLIE SOL ESTES, and were ordered sent to BILLIE SOL ESTES in care of the Washington Hotel, Washington, D.C. He further stated that at the time of purchase he was instructed by BILLIE SOL ESTES not to put the name of the recipient of the suit inside the coat pocket as would ordinarily have been done.

"Documentary evidence reflecting the sale, alteration, instruction to omit the name, and the shipment of the suit to BILLIE SOL ESTES in Washington was introduced and is available for your consideration.

"Mr. GENE JOHNSON, a shoe salesman for Neiman-Marcus, testified that during the visit of RALPH and ESTES to Neiman-Marcus on September 8, he fitted two pairs of alligator shoes to Dr. RALPH. According to JOHNSON, Dr. RALPH stated that he did not want the alligator shoes. Two pairs of less expensive calf shoes were then brought to Dr. RALPH and fitted to him. Dr. RALPH indicated the latter shoes were satisfactory.

"The two pairs of shoes priced \$36.95 per pair, were billed to BILLIE SOL ESTES, and delivered to the Sheraton Hotel, where both BILLIE SOL ESTES and Dr. RALPH were staying. The shoes were 9-B, which JOHNSON said is an interchangeable size with 8½-C. Dr. RALPH had earlier testified that his shoe size was 8½-C. Mr. ESTES wears 10½-D.

[redacted] another Neiman-Marcus men's clothing salesman, testified that he saw Dr. RALPH in the company of BILLIE SOL ESTES, that Dr. RALPH tried on the two suits in controversy, and that Dr. RALPH went into the fitting room for the purpose of having the suits marked for alteration. An extensive examination of the records of Neiman-Marcus does not reveal that any of the merchandise purchased on September the eighth and paid for by BILLIE SOL ESTES has been returned.

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"The purpose of a court of inquiry is not to arrive at any judgment or conclusion, but simply to gather evidence to be used by this office, and by any grand juries considering criminal action. However, there were definite conflicts between the testimony of Dr. RALPH and the Neiman-Marcus personnel. Certain portions of Dr. RALPH's testimony are implausible.

"The Neiman-Marcus salesman have no reason to give false or slanted testimony; whereas Dr. RALPH obviously has very much at stake.

"In my judgment the weight of the evidence is that Dr. RALPH accompanied ESTES to the store, had two suits and two pair of shoes fitted to him, and departed with ESTES. Subsequently, the suits were altered and mailed to ESTES in Washington, D.C.

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ESTES lives in Pecos, Texas and Dr. RALPH works in Washington. The shoes were delivered to the hotel. At the same time ESTES bought six shirts costing \$16.95 apiece and several very expensive ties. About a month later Dr. RALPH exchanged the \$16.95 shirts for the cheaper shirts and gives an implausible explanation.

"It is my opinion that these facts will support a finding that Dr. RALPH was given the clothing by ESTES.

"Sincerely

/s/ WILL WILSON
WILL WILSON"

FEDERAL BUREAU OF INVESTIGATION

Date 4/30/62

Dr. JAMES T. RALPH, former Assistant Secretary for Agricultural Stabilization, who is presently attending the United States Department of State, Foreign Service Institute in Arlington, Virginia, was contacted at the Institute and interviewed in Room 1103 of the Foreign Service Institute, Arlington Towers Apartment, Arlington, Virginia, for the purpose of having him read, correct and sign the sworn statement prepared containing the results of the interview with him on April 17, 1962, in his office, Main Agriculture Building, Washington, D.C.

Dr. RALPH read, corrected and signed the following sworn statement:

"Arlington, Virginia
April 26, 1962

"I, Dr. JAMES T. RALPH, being duly sworn hereby make the following free and voluntary statement to ANDREW J. SHANNON who has identified himself to me as a Special Agent of the Federal Bureau of Investigation. I have been advised that I do not have to make this statement and that anything I say may be used against me in a court of law. I have also been advised of my right to have an attorney.

"I was born April 28, 1926, at Goodleetsville, Tennessee. I presently reside at 5922 Seacliff Road, McLean, Virginia.

"I am presently on the staff of the U.S. Department of Agriculture and the Foreign Agriculture Service and am presently being oriented for foreign assignment. I was appointed Assistant Secretary for Stabilization, U.S. Department of Agriculture, on January 21, 1961; however, I have submitted my resignation from this position to become effective April 30, 1962. I am presently drawing pay as Assistant Secretary for Stabilization.

"In my position as Assistant Secretary for Stabilization I had general supervision, from a policy

On 4/26/62 at Arlington, Virginia File # WFO 87-8242

by SAs ANDREW J. SHANNON & [REDACTED] Date dictated 4/27/62

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level, of the Agricultural Stabilization and Conservation Service (ASCS), and the Federal Crop Insurance Corporation. In my position I had some supervision over price supports, acreage allotments, grain storage, milk and fruit and vegetable marketing orders. My personal mission as Assistant Secretary, as I understood it, was to promote stabilization legislation and in particular self help legislation. While Assistant Secretary I was required to travel to Dallas, Texas, on official business for the purposes of visiting with commodity groups and to discuss with them proposed legislation regarding farm legislation and in particular the possibilities of self help stabilization.

"To the best of my knowledge, while Assistant Secretary, I was in Dallas, Texas, approximately five times on official business. During my visits to Dallas, I believe that I stayed at different hotels.

"Concerning my trip to Dallas during the period March 31, to April 1, 1961, I cannot recall the name of the hotel where I stayed or can I recall the exact purpose of this visit. Concerning my trip to Dallas during the period September 7, to September 9, 1961, I recall that I went to Dallas believing that I would be staying at the Statler-Hilton Hotel as I believed that this reservation was made by someone in my office in Washington, D.C. However, when I arrived in Dallas I found that my reservations had been changed to the Sheraton Dallas Hotel. I went to Dallas alone on this occasion; however, when I arrived in Dallas my assistant, WILLIAM E. MORRIS, was in Dallas and was staying at the Sheraton-Dallas. I believe that the reason that my reservations were changed from the Statler-Hilton to the Sheraton-Dallas was due to the fact that the meetings that I was to attend were being held at the Sheraton. I recall that on Thursday, September 7, 1961, I was supposed to attend a meeting of the Cotton Subcommittee of the Secretary's Cotton Advisory Committee. I arrived too late for the meeting but on the evening of this date I had dinner with members of this committee at one of the hotels. On the morning of September 8, 1961, I attended a morning meeting with persons connected with the peanut industry who I recall were [REDACTED]

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who was associated with the Southwestern Peanut Shellers Association, and [redacted] who was connected with the Southwest Peanut Growers, Gorman, Texas. On the afternoon of September 8, I attended a broiler (meat chicken) meeting at the hotel. The purpose of this meeting was to discuss with the broiler leaders national marketing orders for broilers. I returned to Washington, D.C., on the morning of September 9, 1961.

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"During my stay at the hotel I resided in a single room and my assistant, MORRIS, also resided in the same hotel. To the best of my recollection, no one else from the ASCS in Washington, D.C., attended this meeting although there were in attendance at the meeting stabilization people from the Dallas Commodity Office. To the best of my recollection, EMERY JACOBS, then Deputy Administrator, State and County Operations, ASCS, Washington, D.C., did not stay at the same hotel nor did he visit at the hotel or attend any of the meetings during the period September 7, to September 9, 1961. JACOBS, to the best of my recollection, did not visit me in Dallas on the above-mentioned dates. It is my understanding that BILLIE SOL ESTES was a member of the Secretary's Cotton Advisory Committee and attended the cotton meeting at the hotel on September 7. It is also my recollection that ESTES also stayed at the Sheraton-Dallas on the night of the seventh or eighth of September. Following the cotton meeting on September 7, I had dinner, as previously mentioned, and I cannot recall having any individual conversations with ESTES on September 7.

"I did, however, have individual conversations with ESTES in his room at the Sheraton-Dallas on September 8, in the evening as I recall, at which time we talked about the cotton program as well as a place to have dinner. My assistant, MORRIS, was present on this occasion as well as approximately four or five of ESTES' associates whose names I do not remember.

"As I stated, I did not see EMERY E. JACOBS in Dallas during the period from September 7, to

September 9; however, he could have been in Dallas on other business in connection with business of the ASCS on a state and county level.

"Following my conversations with ESTES in his room on September 8, I recall that ESTES, MORRIS, ESTES' associates and myself went to dinner. I cannot remember the name of the place where we had dinner; however, I recall that the waitresses at the restaurant were in Arabian costume and wore veils. It is my recollection that ESTES paid for the dinner for all persons on this occasion. Following the dinner I returned to the hotel and to my room.

"On the afternoon of September 8, 1961, following the broiler meeting previously mentioned, which meeting was finished sooner than expected, I suggested that we take a walk around Dallas as I wanted to purchase a bottle of sherry wine. On this trip I was accompanied by MORRIS and ESTES. To the best of my knowledge I did not make any purchases of clothing on this afternoon and to the best of my recollection neither did MORRIS or ESTES. I did purchase a bottle of sherry. We went into Neiman-Marcus and looked at overcoats, hats, and suits. As I remember I tried on overcoats, suits and a pair of alligator shoes.

"As I have previously stated, the only thing that I received from ESTES during this trip was a dinner at the previously mentioned restaurant. I would also like to state that I first met ESTES when he came to Washington as a member of the Cotton Committee. At the time of my appointment to the position of Assistant Secretary for Stabilization ESTES was I believe already a member of the Cotton Committee and to the best of my recollection I met him in this capacity in Washington, D.C., exact date unknown but after my appointment.

"I believe that on the morning of September 9, 1961, I rode to the airport with ESTES in an airport limousine. I was returning to Washington, D.C., and ESTES was taking a plane for another destination.

"Concerning my trip to Dallas, Texas, on October 9, 1961, to the best of my recollection I was there merely for the purpose of stopping over to change planes for Denver. I did not see ESTES personally on this occasion and to the best of my recollection I was not contacted on this occasion by any other means by ESTES. I believe that I was traveling by myself.

"Concerning my trip to Dallas on October 24, 1961, the purpose of my trip was to attend a Commodity Office meeting in Dallas, Texas. I believe I was traveling alone on this occasion and do not believe that I stayed overnight on this occasion. I cannot recall that EMERY E. JACOBS was in Dallas on this occasion; however, I do recall that FRANK HUSSEY, who is a deputy administrator for ASCS, also attended the meeting on October 24, 1961.

"I went to the Nieman-Marcus Store in Dallas on September 8, and October 24, 1961. I went to the Nieman-Marcus Store on October 24 for the purpose of buying a blouse for my wife and exchanging shirts for my father-in-law. My best recollection is that I did not purchase any gifts at the store on October 24, 1961.

"I have never received any gifts from the Nieman-Marcus Store paid for or charged to the account of ESTES that I am aware of. I did receive from ESTES, during Christmas, 1961, some pecans and a pecan sheller. ESTES also, at one time, sent to my office, exact date unknown, some cantaloupes. I do not believe that any of these cantaloupes were used personally by me. From time to time ESTES has given to me two or three cigars and to the best of my recollection he has never given me a box of cigars.

"I have not accompanied any employees of ESTES to the Nieman-Marcus Store and have not been in the store other than on the above-mentioned occasions.

"ESTES has never asked me to intercede for him in the U.S. Department of Agriculture. ESTES has

never asked me to intercede for him concerning his cotton allotment, grain storage business or any other business that he has with the U.S. Department of Agriculture. I have never interceded for ESTES in any way concerning ESTES grain or cotton business or any other business that ESTES has with the U.S. Department of Agriculture.

"I believe I received a telephone call from Senator YARBOROUGH's office, exact date not recalled. I do not recall the name of the person making this call; however, the individual advised that BILLIE SOL ESTES and several businessmen were having problems with ~~their cotton~~ acreage allotment and Senator YARBOROUGH's office wanted to be sure that they were treated fairly under the law. I advised the individual that I would look into the matter and thereafter called the General Counsel of the U.S. Department of Agriculture at which time he explained the cotton situation to me. He advised that the Under Secretary of the Department of Agriculture was considering the matter and also advised that Mr. GODFREY, Administrator of the ASCS, was personally interested in the problem. The question in this matter was a sensitive one involving the moving of cotton allotments from the southeast to the southwest area. I mentioned the matter to the Under Secretary who advised that he had the matter under advisement. Inasmuch as my superior had the matter under advisement, I felt that there was no need to look further into the situation. I expressed the thought to the Under Secretary 'I hope the problem of a few businessmen moving acreage allotment from the southeast to the southwest area does not stir up any animosities in the cotton industry, this could make it more difficult to secure agreement from the National Cotton Committee.'

"I have no direct knowledge that any employees of the ASCS have received clothes or shoes from the Nieman-Marcus Store in Dallas or anything of value from ESTES. My assistant, Mr. MORRIS, stated on one occasion that he had received a hat from ESTES. I have no direct knowledge that EMERY E. JACOBS has received any clothes, shoes or anything from the Nieman-Marcus Store or anything of value from ESTES.

"I would like to state that I have never used any influence to assist ESTES concerning his programs or activities with the U.S. Department of Agriculture.

"I would like to add that in June, 1961, I made a speech before the poultry industry in Sacramento, California. On this occasion I received from the poultry industry a piece of luggage. In approximately January, 1962, a Potato Committee took up a collection to buy me a gift and gave it to one of my [redacted] She asked me what to do with this money and I advised her to give the money back to the Potato Committee.

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"I also recall that on January 10, 1962, I went to Dallas, Texas, at which time I made a speech before the National Turkey Federation. I was in Dallas also on January 11, 1962. I did not see ESTES or have any contact with him on this trip to Dallas. I did, however, receive a turkey during Christmas, 1961, from the National Turkey Federation.

"I have read this statement consisting of nine other pages and this page. I have initialed all corrections and each page. This statement is true and correct to the best of my knowledge and belief.

"/s/ JAMES T. RALPH

"Sworn to and subscribed before me on April 26, 1962, at Arlington, Virginia

"/s/ ANDREW J. SHANNON
Special Agent

Federal Bureau of Investigation

"Witness: /s/ [redacted]

Special Agent

Federal Bureau of Investigation"

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Dr. RALPH stated that since the interview conducted with him in his office in Washington, D.C., on April 17, 1962, his recollections had been refreshed since going to Texas last week to testify in the hearings conducted

by the Attorney General of Texas, as well as by a review of his travel records. He stated, therefore, that he now recalls that on his trip to Dallas during the period September 7 to September 9, 1961, he stayed at the Sheraton-Dallas Hotel and not the Statler-Hilton Hotel.

Dr. RALPH also advised that on the afternoon of September 8, 1961, he did take a walk with WILLIAM E. MORRIS, who was then his assistant, and BILLIE SOL ESTES, at which time they did go into the Neiman-Marcus Store and they looked at overcoats, hats and suits. He stated that, as he remembered, he tried on overcoats, suits and a pair of alligator shoes. He stated, however, that to the best of his knowledge, he did not make any purchases of clothing on this afternoon.

He also advised that he now recalls that on October 24, 1961, while in Dallas, he went to the Neiman-Marcus Store on this date for the purpose of buying a blouse for his wife and exchanging shirts for his father-in-law. He stated that, to the best of his recollection, he did not purchase any gifts at the store on October 24, 1961.

Dr. RALPH furnished the following information; however, he felt that it was not pertinent to the matter under investigation and, therefore, would not include it in the above signed sworn statement:

He stated that in approximately the first week before the Democratic National Dinner on January 20, 1962, he received two \$100 postal money orders by mail from BILLIE SOL ESTES. He stated that the envelope containing the postal money orders did not contain any letter of explanation. Upon receipt of the money orders, he consulted with his assistant, WILLIAM E. MORRIS, for the purpose of determining what the money orders were for. He stated that he and MORRIS decided that the money orders could only be for the purchase of tickets to the Democratic Party dinner. He advised that he and MORRIS, therefore, decided to endorse the money orders to the Democratic Party. He stated that he endorsed one of the postal money orders to the Democratic Party in California, and sent it to [REDACTED] b6 b7C
[REDACTED] California. He endorsed the other postal money order to the National Democratic Party and his assistant MORRIS took it to the headquarters of the National Democratic Party, Washington, D.C., and purchased a ticket to the Democratic National Party Dinner which ticket MORRIS gave to Mr. ESTES.

Dr. RALPH stated that he and his wife attended the Democratic National Party Dinner in Washington, D.C.; on January 20, 1962, as the result of tickets received from Congressman SAUND of California.

Following the receipt of the above two money orders, Dr. RALPH advised that MORRIS typed a memorandum which he, RALPH, signed, which was to be sent to the Secretary of Agriculture ORVILLE FREEMAN and set out the receipt and disposition of the two postal money orders. Dr. RALPH stated that in later conversations with Secretary FREEMAN, the Secretary indicated to him, Dr. RALPH, that he could not remember receiving the memorandum.

Dr. RALPH advised that his assistant MORRIS told him that he had sent the memorandum in an envelope marked "Personal and Confidential" to Secretary FREEMAN.

Dr. RALPH stated that the receipt of the above-mentioned postal money orders from ESTES and what disposition to make of them worried him. He stated that he did not want to put his name on the money orders and send them back to ESTES as there would be a record in the Post Office Department reflecting this, which would possibly lead to the inference that there was something irregular between him and ESTES by the nature of such a transaction.

FEDERAL BUREAU OF INVESTIGATION

Date 4/24/62

Mr. EMERY EARL JACOBS was interviewed under oath on April 23, 1962, at his residence, 1309 North Pierce Street, Arlington, Virginia. He furnished the following information which was incorporated into a signed statement which he signed on April 24, 1962:

"Washington, D. C.
"April 24, 1962

"I, Emery Earl Jacobs, being duly sworn hereby make the following free and voluntary statement. I know that I do not have to make any statement and that any statement I might make can be used against me in a court of law. I also know I can have an attorney if I so desire. I furnish this statement willingly to [redacted] who has identified himself to me to be a Special Agent of the Federal Bureau of Investigation.

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"I currently reside at 1309 N. Pierce Syreet, Arlington, Virginia, and maintain my residence at 1905 Northwest 31st Street, Oklahoma City, Oklahoma. From March, 1961, to April 13, 1962 I was employed by the United States Department of Agriculture as the Deputy Administrator for State and County Operations, Agricultural Stabilization and Conservation Service (ASCS).

"In October, 1961, I was in Dallas, Texas, to attend some conferences of the Agriculture Department. I decided to go out and purchase some new winter clothes, which I needed as I had recently gained some weight. In the lobby of the Hilton Hotel, where I was staying, I met Billie Sol Estes, who I have known for the past 5 or 7 years. When he found out where I was going, he asked to go along with me. We went to Neiman Marcus Store where I selected, 2 suits, sport coat, pair of slacks, hat, shoes, shirts and ties, the total cost of which was about \$1,000.00. I paid for this merchandise myself with my own money. This money did not come from Estes. I took my purchases with me, except for the suits and slacks which had to be altered.

On 4/23 & 24/62 at ARLINGTON, VIRGINIA and WASHINGTON, D. C. File # WFO 87-8242

by SAs [redacted] Date dictated 4/24/62

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"At that time I resided in an apartment in Washington, D. C. that did not have facilities for accepting packages. Inasmuch as I did not want anything to happen to the suits, which the store would mail to me, I furnished the store with the address of my secretary, Mrs. Margaret Campbell, who resided on Connecticut Ave., NW, in an apartment house that had secretarial services to receive parcels. The suits were later mailed to me at her address. At that time I was doing a lot of travelling and did not want the packages to stay in front of my door until I returned. I thought they might be stolen.

"These were the only clothes I purchased in Dallas, Texas, in 1961. I did not go shopping for clothes in Dallas in September 1961. I am not sure I even was in Dallas in September 1961.

"At Christmas time 1961 I received a package of Pecans from Pecos, Texas. There was no name on the package, but I assumed it came from Estes who lived in Pecos.

"At the time I was in Dallas in October, 1961, Estes paid my hotel bill. While I was checking out of the hotel Estes was in the lobby and insisted the bill be placed on his bill. Rather than cause a disturbance I allowed him to pay the bill. I later submitted a Travel Voucher for per diem while I was away from my headquarters city.

"For several months the Pecos Chamber of Commerce wanted me to make a speech before them. I told them I would make the speech whenever I would be down in that part of the country. During the last of March or early April, 1962, I had to go to Amarillo, Texas on official business. I also went to Lockney and then to Plainview Texas. When I arrived in Plainview, Texas, there was a note at the hotel from [redacted] Estes [redacted] saying he had the plane and would fly me to Pecos. I went with him to Pecos the following morning. At noon I attended a luncheon Estes had arranged for certain farm leaders and business men in his

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guest house. Estes was not present. That afternoon I visited the local ASCS office, viewed some farms and then attended a cocktail party and reception given by the Chm. of County ASC Com. and a banquet sponsored by the Chamber of Commerce. I made a speech before this audience. After the speech I was flown to Dallas by [redacted] where I spent the night, and then came back to Washington, D. C. the following day. I do not know who actually paid my expenses from Plainview to Pecos to Dallas. I did not claim the transportation charges on my travel voucher.

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"I have known Estes for the past 5 to 7 years. I think I first met him at a Democratic Party rally in Austin, Texas. I had very little contact with him until I was appointed to my position in the Agriculture Department in March 1961. Shortly after I was appointed he came to my office in the Agriculture Department. I do not know if he was aware that I was in Washington at that time but can assume he was. In any event he would have had to see whoever held the position I had.

"There was a law in effect at that time and is now, which allowed farmers, who lost their cotton allotment due to eminent domain, to transfer their allotment to new land. I was aware of the fact that there might possibly be a "scheme" whereby these allotments were being transferred in a manner to circumvent the intent of Congress. I had several conferences with Estes and his [redacted]

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7-1-61 [redacted] regarding the transfer of cotton allotments. Estes and [redacted] maintained that what they were doing was legal. I did not know about the legality but felt that the General Counsel and the Courts should decide if it was legal.

"In the Agriculture Department I attended several conferences regarding the transfer of pooled cotton allotments. I do not recall any specific dates or who attended specific meetings. It was my contention and the contention of the Department that if the sales of land by Estes to these various farmers were bone fide sales, let Estes prove it. One of the tests would be to see if the

farmers paid for the land on the yearly basis as called for in the bill of sale. I and the others felt that Estes could keep the leased allotments as long as the farmers kept up their payments on the land. This decision was approved by the Undersecretary for Agriculture, Charles S. Murphy.

"With regards to placing penalties on Estes 1961 crop, I want to explain that while it was permissible to transfer a cotton allotment from one state to another, Alabama did not want to see any of its acreage leave the state. Some acreage was then in the process of being transferred to Estes holdings in Texas and had already been planted. This cotton was planted without the acreage allotment. Estes was assessed a penalty of about \$38,000 for growing this cotton without an allotment.

"I am opposed to the manner in which Estes is securing cotton allotments and feel that it is illegal. This is the feeling of all in the Department. I feel that Congress did not intend to allow transfers of pooled cotton allotments in this manner. I and everyone else in the Department want to see this matter resolved equitably for all concerned. I have never interceded on Estes behalf with anyone in the Agriculture Department. I have never given Estes any undue preference and have never showed him any preference. I handled all matters that came to my attention as I felt they should be handled.

"After I resigned from my position, I went to my home in Oklahoma City. On April 18, 1962 I received by mail a telegram sent to me at my former office, inviting me to testify on April 20, 1962, at the Texas State Attorney General's Court of Inquiry. I discussed the matter with my attorney, Lloyd Benefield. He made some inquiries and found that the Attorney General Will Wilson is running for Governor at the present time and is having a hard time to get campaign off the ground. Benefield stated he felt that Wilson was using this hearing to get publicity and that I would gain nothing by appearing before it. Also he wanted

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to be with me if I should go, but due to a conflict, he could not be there on April 20, 1962. I therefore could not appear before the Court of Inquiry on that date and wired Mr. Wilson that I would be glad to appear at any subsequent date at his convenience. I am of the opinion that should this hearing have started after the Texas Primary is over May 5, 1962, my name would not have been mentioned.

"I feel that I have done nothing wrong and that every decision I made was for the benefit of the Department of Agriculture.

"I have read the above 5 page statement and initialed all corrections. It is all true to the best of my knowledge.

"/s/ Emery Earl Jacobs

"Sworn to and subscribed to
before me on April 24, 1962
at Washington, D. C.

Special Agent
Federal Bureau of Investigation
Washington, D. C.

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"WITNESSED:

"EDWARD J. ARMBRUSTER
"Special Agent, F.B.I.
"Washington, D. C.
"4/24/62"

The following description was obtained by
observation and interview:

Name:	EMERY EARL JACOBS, aka Red
Temporary residence:	1309 N. Pierce Street, Arlington, Virginia.

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Permanent residence:	1905 Northwest 31st Street, Oklahoma City, Oklahoma. Telephone Number JA 8-4533.
Race:	White
Sex:	Male
Born:	January 10, 1907, Pryor, Oklahoma
Height:	Five feet ten and one-half inches.
Weight:	215 pounds
Hair:	Reddish-grey
Eyes:	Blue
Complexion:	Ruddy
Build:	Stocky
Marital status:	Single Married
Wife:	MARY ELIZABETH JACOBS, 1905 Northwest 31st Street, Oklahoma City, Oklahoma.

FEDERAL BUREAU OF INVESTIGATION

Date 4/25/62

On April 17, 1962, MARGARET ELLEN CAMPBELL, current employee of the Department of Agriculture and former secretary to Mr. EMERY E. JACOBS, Deputy Administrator, State and County Operations, Agricultural Stabilization and Conservation Service, was interviewed under oath. At the inception of the interview Mrs. CAMPBELL was advised that she did not have to submit to interview, did not have to make any statements, that any statements she made could be used against her in a court of law and that she was entitled to counsel.

On the date of the interview, Mrs. CAMPBELL agreed to have the information furnished by her put into a formal statement which she advised she would be willing to sign. The information furnished by Mrs. CAMPBELL was incorporated into a statement and efforts were made on April 18, and 20, 1962, to locate Mrs. CAMPBELL at her office and her residence without success.

On April 24, 1962, Mrs. CAMPBELL was located at her office in the Department of Agriculture at which time she signed under oath the statement as prepared. On the afternoon of April 24, 1962, Mrs. CAMPBELL telephonically contacted SA ROBERT E. TORRENCE and advised that she desired to make certain changes in her signed statement.

On April 25, 1962, Mrs. CAMPBELL was contacted at which time she advised that the second sentence of paragraph five reads as follows: "I recall that in the Fall of 1961, he made such a call from Dallas, Texas." Mrs. CAMPBELL advised that she does not know that the telephone call was made from Dallas, Texas, and desires the words Dallas, Texas, deleted and insert "the field."

Mrs. CAMPBELL advised that paragraph six reads "I recall that on a couple of other occasions, Mr. JACOBS had packages sent to my apartment, but I cannot recall whether they were before or after the two packages from NIEMAN

On 4/17, 18, 20, 24, 25/62 at Washington, D. C. File # WFO 87-8242

by SAs ROBERT E. TORRENCE & [REDACTED] Date dictated 4/25/62
RET:dfw/wcj

MARCUS." She advised that while she made this statement originally, she cannot now be certain whether or not other packages from Mr. JACOBS were sent to her apartment and therefore desired that this sentence be deleted from the statement.

Mrs. CAMPBELL advised further that paragraph 11 of the statement reads "I believe that Mr. JACOBS left Washington, D. C. for Oklahoma City sometime Sunday, and I presume the trip was made by airplane." She stated that she is not certain just when Mr. JACOBS departed from Washington and desires that the words "sometime Sunday" be deleted from the statement.

The above requested changes in Mrs. CAMPBELL's signed statement were made by Mrs. CAMPBELL and initialed by her. The final statement under oath and signed by Mrs. CAMPBELL is as follows:

"Washington 25, D. C.
MARGARET CAMPBELL

"I, MARGARET ELLEN CAMPBELL, having voluntarily been placed under oath, do make the following free and voluntary statement to ROBERT E. TORRENCE and [redacted] who have identified themselves as Special Agents of the Federal Bureau of Investigation. I realize I do not have to submit to an interview, do not have to make any statements, that any statements I make can be used against me in a court of law, and that I am entitled to counsel. *MARGARET E. (Peggy) CAMPBELL*

"I was born on December 6, 1917, at Pittsburgh, Pennsylvania, and currently reside at 4500 Connecticut Avenue, N. W., Apartment 401, Washington, D. C. I have resided at this address since July, 1958.

"I have been an employee of the Department of Agriculture for twenty years and some few months. I am currently employed in the Office of the Deputy Administrator, State and County Operations, Agricultural Stabilization and Conservation Service. From mid-March, 1961 through April 13, 1962, I was employed as Secretary to Mr. EMERY E. JACOBS, Deputy Administrator for the above office. I first met Mr. JACOBS when he became

Deputy Administrator in either February or March, 1961, at which time I was assigned as his secretary. This association, while originally professional, developed to the point that we became friends as well, and saw each other occasionally on a social basis. This association, however, was not one of a romantic nature.

"Mr. JACOBS, in the course of his duties as Deputy Administrator, traveled extensively, possibly 85 percent of his time. I did not accompany him on any trips, business or otherwise. I recall that Mr. JACOBS, in October, 1961, made a business trip to Dallas, Texas, and on April 16, 1962, on the instructions of [REDACTED] I reviewed the travel vouchers in connection with this trip and know that Mr. JACOBS traveled to Dallas, Texas, on September 9, 10 and 11 and October 23, 24, and 25, 1961. To the best of my knowledge, Mr. JACOBS did not discuss with me or in my presence any of the details of this trip, and did not dictate any correspondence in connection with the trip.

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"During Mr. JACOB's trips, he often called the office on matters of an official nature. I recall that in the Fall of 1961, he made such a call from the field. I do not recall the exact date of the call, but on this occasion, Mr. JACOBS advised me that he was having some packages sent to my apartment. He did not identify the packages or their contents on the telephone. I believe the packages were sent to my apartment since I have a secretarial service at the apartment which could receive same. I do not have a record of receipt of these packages, but it is my impression that two packages arrived on separate days, sometime shortly after I had talked to Mr. JACOBS by telephone. The apartment desk where I live would have a record of the receipt of these packages, since I signed a book acknowledging receipt of same. The boxes were rather large and of a size such as are used for a suit or dress box. To the best of my knowledge, the boxes were not wrapped in paper, and I recall that they both contained the name of the firm of Nieman Marcus, which I recognized as a well-known store in Dallas, Texas. I do not recall whether the packages were insured or if any other information was contained on the exterior of the packages. After Mr. JACOBS returned

from Dallas, I brought in both packages to him at the office. He did not open them in my presence and to the best of my knowledge did not identify the contents at the time. Later, I learned that the two packages contained two suits, since he wore them to the office and mentioned that he obtained them while on his trip to Texas. In addition, Mr. JACOBS exhibited a pair of alligator shoes and mentioned that he had likewise obtained two pairs of these shoes during the same trip. These packages were not opened in my presence and I was not aware of their contents.

"I am familiar with the name of BILLIE SOL ESTES, and recall that on one occasion Mr. JACOBS gave me a pamphlet concerning Mr. ESTES' operations in Texas.

"I assumed that Mr. JACOBS dealt with Mr. ESTES on government business, but I have no knowledge of the nature or extent of this business. To the best of my recollection, Mr. JACOBS dictated at least one letter to Mr. ESTES; however, I do not recall the contents of that letter. I believe our correspondence files contain a copy of same. As a general rule, I opened the mail for Mr. JACOBS, but I do not recall his ever having received a letter or other correspondence from Mr. ESTES.

"In connection with Mr. JACOBS' trip to Dallas in October, 1961, he did not mention anyone else from the Department of Agriculture having made the trip with him, and I have no personal knowledge that any of the Department personnel accompanied him on this trip. I did, however, read in the newspaper, that Dr. JAMES T. RALPH was in Dallas, Texas, at the same time as Mr. JACOBS.

"While I performed various personal services for Mr. JACOBS, such as taking care of his laundry, the interest was purely friendly and not romantic in nature. Mr. JACOBS has visited my apartment and has had dinner there. He does not have any personal effects at my apartment. I have on occasion visited Mr. JACOBS' apartment, located at 1309 North Pierce Street, Arlington, Virginia, and loaned him a couch, chair, lamp and coffee pot for his use in the apartment. Prior to renting the apartment in Arlington, Virginia, Mr.

JACOBS used the apartment of [redacted] in Senator KERR's Office, while [redacted] was out of town on business.

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"Mr. JACOBS resigned effective Friday, April 13, 1962; and both Mr. JACOBS and I spent the weekend, from Friday to Sunday, at the home of Mr. and Mrs. THOMAS SMART of Herndon, Virginia. Mr. SMART is a friend of Mr. JACOBS as well as a friend of mine. Mr. SMART is employed in the Fiscal Division of the Department of Agriculture. Over the weekend of April 13, 1962, this matter was discussed and Mr. JACOBS stated that he purchased the clothes with his own money, and I believe him until it is proven otherwise.

"Mr. JACOBS left the SMART residence on Sunday, April 15, 1962; in the company of Mr. SMART and Mr. SMART returned alone. I believe that Mr. JACOBS left Washington, D. C. for Oklahoma City, and I presume the trip was made by airplane. Mr. JACOBS is currently staying at 1905 Northwest 31st Street, Oklahoma City, Oklahoma, and [redacted] talked to Mr. JACOBS at this address by telephone on April 16, 1962.

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"I have been previously interviewed concerning this matter by Mr. G. G. CARLSON, General Counsel, Department of Agriculture, while in Portland, Oregon, attending the funeral of my brother.

"On the occasion of a trip by Mr. JACOBS to Hawaii, he brought me a small bracelet made of coconut shells, which I believe I threw away. Other than this I at no time received any gifts or money from Mr. JACOBS.

"It is my understanding that Mr. JACOBS plans to return to Washington and clear himself of the allegations against him.

"I have read this above statement consisting of six pages, I have initialled the bottom of each page. I hereby state under oath that this statement is true and correct to the best of my knowledge.

"MARGARET E. CAMPBELL

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"Witnessed:

"ROBERT E. TORRENCE, Special Agent, FBI, April 24, 1962
[REDACTED] Special Agent, FBI, April 24, 1962"

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FEDERAL BUREAU OF INVESTIGATION

Date 4/24/62

Mr. CHARLES S. MURPHY, Undersecretary of Agriculture, United States Department of Agriculture (USDA), was interviewed under oath in his office, Room 200A, Administration Building, USDA. He was advised that he did not have to furnish any information, that any information he did furnish could be used against him in a court of law, and that he had the right to consult an attorney.

Mr. MURPHY stated his permanent address is Greenbriar Lane, Annapolis, Maryland, but that he presently resides at 4600 Connecticut Avenue, N. W., Washington, D. C.

MURPHY stated he first met BILLIE SOL ESTES in July, 1961, at a meeting in the USDA of the Cotton Advisory Committee. He stated that he saw ESTES each time this committee met, and he felt the committee met at least two times since July, 1961. MURPHY stated that shortly after the first Cotton Advisory Committee Meeting, he received a crate of cantaloupes from ESTES, and MURPHY stated he wrote a note to ESTES thanking him for these cantaloupes. MURPHY stated that sometime later he received a second crate of cantaloupes, at which time he wrote a letter to ESTES thanking him for the cantaloupes, but pointing out that regardless of the friendly gesture prompting ESTES to send the cantaloupes, such actions might be misunderstood by others, and therefore he, MURPHY, could not accept any further offerings of this type.

MURPHY stated that he first heard of ESTES's personal cotton problems from the Agriculture Stabilization Conservation Service (ASCS) in the Department or from Congressional inquiry in September of 1961. He stated that at this time it came to his attention that a portion of ESTES's cotton allotments were purchases of pooled cotton allotments which the ASCS felt were not bona fide purchases. MURPHY stated that ESTES was not the only planter involved in the purchase of pooled cotton allotments, and that the purchases of several other individuals in west Texas were also under scrutiny by the ASCS.

On 4/23/62 at Washington, D. C. File # WFO 87-8242

by SAs WALLACE A. HAWKINS; PAUL KENNETH BROWN Date dictated 4/23/62
PKB:ajm

MURPHY stated that apparently a plan had been developed by some planters and lawyers to make use of what they felt would be a loophole in USDA regulations on cotton allotments. MURPHY stated he did not think this plan originated with ESTES. In brief, the plan called for land in Texas to be sold to a displaced seller who had a cotton allotment with the land then being leased back to the seller for a period of years, usually four years. The land was sold at a price ranging from \$250 to \$400 per acre, and payment for this land was to be made in four annual payments. The purchaser of the land made no down payment, and was paid \$50 per acre for his cotton acreage allotment.

In December, 1960, the ASCS, together with the General Counsel's Office, had reviewed one of these contracts, and had subsequently advised by memorandum USDA representatives in west Texas, that these transfers were not permissible. MURPHY stated that some how, through some mix-up between the USDA and the county offices, 1961 cotton allotment notices were issued in direct conflict with the instructions from the USDA. MURPHY stated that in the Texas State Office, Program Specialist HENRY MARSHALL, a well-thought of, long time, employee of the USDA, handled the cotton allotment program almost exclusively. MARSHALL met with the county committees, and maintained close contact on the local level. In mid-1961, MARSHALL was found shot to death, and the USDA has since been unable to ascertain the precise instructions issued by MARSHALL to the west Texas county officials. The planters and their attorneys contend that their program for the purchase of pooled cotton allotments was checked step by step with all county and state offices, and found that MARSHALL had said their program was all right. As near as MURPHY could ascertain from a review of the file of this matter and the reports of several persons he has sent to west Texas to determine the facts, it appears that MARSHALL did tell the county committees that if a displaced owner came before the committee with a deed to land, and signed the proper forms for transferring his cotton allotment, such transactions were legitimate. This form

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included the certification they were not trying to get the cotton allotment for the benefit of someone else, and that there existed no side agreements. MURPHY explained that in February, 1961, in an effort to tighten up the allotment program, the USDA required the purchaser of new land to appear before the county committee for a ^{CERTIFICATION} jurisdiction of that land in person, to swear to the ^{VALIDITY} volatility of his purchase, and certify there were no side agreements.

As a result ESTES and other planters received notices for 1961 allotments for most of the acreage they claimed. Some 250 acres that ESTES had been attempting to transfer from Oklahoma to Texas, had been actually planted by ESTES even though he had not received his allotment notice. No notice was ever sent ESTES for these planted acres, and the local committee subsequently assessed a penalty against ESTES based on 50 per cent of the parity price of cotton times the normal yield of the extra acreage. This penalty amounted to about \$38,000.

Several conferences were held in the office of MURPHY, between ASCS personnel, and representatives of the General Counsel's Office. MURPHY stated the format of these meetings were generally a thorough discussion of the problem under consideration by those in attendance, and he, MURPHY, would listen to the observations and arguments, and make a decision from the information available. As a result of these conferences, a memorandum was issued on December 15, 1961, by the General Counsel's Office, which stated that the cotton acreage transfers should be cancelled on the grounds that they were a scheme or device to transfer acreage allotments which were ^{Not} bona fide purchases of land by a dispossessed cotton planter. This memorandum also stated that in regard to the 1961 cotton crop where notice of allotment had been issued, it appeared erroneous notice rule applied inasmuch as the planters had been actually given notices of allotment, and had acted thereon. MURPHY pointed out that the actual date the notices were sent, had never been established, but that in some instances, it appeared the notices had been issued quite late in the season, and apparently the crops had been planted prior to the receipt of a notice. MURPHY also pointed out that he felt that since actual notices had been sent to the planters for 1961, there was really very little the USDA could proceed on. This memorandum

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did recommend, however, that all acreage allotments obtained through the transfer device be canceled in 1962 and thereafter.

As a result of this memorandum of the General Counsel, which was furnished to the county committees, and through them to the planters, strong pressure was exerted on the USDA. This pressure was in the form of Congressional pressure as well as pressure from the west Texas planters. The latter felt the USDA would be unfair in the cancellation of the 1962 allotments, and they enlisted Congressional support to pressure the USDA into reconsidering their action. MURPHY stated the USDA did reconsider the cancellation of the 1962 allotments. He stated they held hearings to establish the position of the planters regarding these transfers. He stated the planters argue these claims were bona fide transfers fully authorized and approved by county officials. They argued that since they had been issued the 1961 allotments, they had spent considerable sums of money in improving the land, and that to cancel their 1962 allotments would be working them into hardship.

On January 6, 1962, BILLIE SOL ESTES appeared at the USDA, where a meeting was held in the office of MURPHY. MURPHY stated to the best of his recollection, this was the only time he saw ESTES outside the Cotton Advisory Committee Meetings. Also present at this meeting was ESTES [redacted] Congressman J. T. RUTHERFORD; Senator RALPH W. YARBOROUGH; both of Texas; [redacted] YARBOROUGH; JOHN BAGWELL, General Counsel's Office, USDA, and several other USDA people whom he could not recall. MURPHY stated that Congressman RUTHERFORD and others have assured him that [redacted] of high repute and unquestioned integrity. MURPHY stated that at this meeting they again reviewed the entire picture of ESTES' pooled cotton allotment purchases. Again [redacted] reviewed the transactions were all bona fide, and stated that they anticipated many purchasers would go ahead and buy the land, and work it themselves. MURPHY stated the meeting was inconclusive.

MURPHY stated the USDA decided that in view of the observation made, that some of the purchasers would actually purchase the land, then USDA decided to pursue this aspect by requiring the seller of the land to certify that mortgage payments had been made on the land sold.

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On January 31, 1962, this certification was sent to the field. MURPHY stated he subsequently learned that several sellers were in Washington, D. C., trying to soften this ruling by the USDA. They were trying to get someone else substituted for the original buyer, and trying to extend the payment period. MURPHY stated the USDA has now decided not to revise their requirements, and has set the date of May 1, 1962, as a cut off date for these certifications. He stated this is where the matter stands at the present time.

MURPHY stated that EMERY E. JACOBS, a USDA official, would, in his capacity, be a party to meetings held regarding cotton allotments. He stated he did not recall specifically which meetings or how many meetings JACOBS attended regarding ESTES's cotton allotments, but he recalled that JACOBS had attended several of these meetings. He stated that he had no reason, whatsoever to believe that JACOBS had helped ESTES in this regard in any fashion. He stated that JACOBS tended to be more lenient toward the transactions of ESTES than some of the others, but JACOBS never pressed his view and expressed it only when asked for it. He recalled that when JACOBS first heard of the transfers of cotton acreage allotments from Oklahoma to Texas, he, JACOBS, expressed the opinion that such transfers were not legal. However, after JACOBS learned that notices had been sent on some of these transfers, he was not so certain that they were illegal. MURPHY stated that he knew that JACOBS was acquainted with ESTES. He stated that JACOBS appeared to be well enough acquainted with ESTES to furnish the USDA with the thoughts of ESTES on some of the matters they were considering. He recalled that JACOBS stated that ESTES would do what was needed to make the matter right, and that ESTES had indicated to JACOBS that he was following his lawyer's advice. MURPHY stated that it was clear to him during the contact he had with ESTES that ESTES was following the advice of his lawyer.

Date 4/24/62

THOMAS (no middle name) SMART, Deputy Administrator, Fiscal Division, Agricultural Stabilization and Conservation Service, United States Department of Agriculture (USDA), was re-interviewed under oath at his office.

He said he had requested this re-interview because, having discussed this matter with his wife over the past week-end and thinking about it further, he recalled two other points which he had overlooked mentioning previously.

He stated that during conversation over the week-end of April 13-15, 1962, at his residence in Herndon, Virginia, he now recalled that EMERY JACOBS told Mrs. MARGARET CAMPBELL that when the investigators came around she should tell the truth.

He said the other point was that, in commenting concerning the testimony of the two Nieman Marcus salesman at the Texas hearings, JACOBS said in effect that he probably should sue Nieman Marcus, but then commented that he probably would not have enough money to "fight them."

SMART added that he, his wife, and Mrs. CAMPBELL were all agreed that anyone well acquainted with JACOBS' habits would not think it the least unusual that JACOBS carried large sums of money on his person.

He pointed out that JACOBS' car was still at his place in Herndon and that he had heard nothing from JACOBS since he left this area.

On 4/23/62 at Washington, D.C. File # WFO 87-8242

by SAs [redacted] & ROBERT E. TORRENCE Date dictated 4/24/62
FWA:dab

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Date 4/24/62

N. BATTLE HALES, Staff Assistant, Office of the Deputy Administrator, State and County Operations, Agricultural Stabilization and Conservation Service, United States Department of Agriculture (USDA), advised that his position in this matter was still unchanged; that is, he was unable to approve his sworn statement or sign same without access to the files of the USDA. He was informed that the Federal Bureau of Investigation had no jurisdiction over the files of the USDA and, therefore, it would be incumbent upon him to obtain access to the files if he felt it was necessary prior to signing his sworn statement.

He specifically pointed out that on April 20, 1962, shortly after nine o'clock in the morning he had been called to [] office and informed that he had been transferred from his present position effective at nine o'clock that morning, and that the files of the Department in his possession were being taken from him.

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He then stated that, immediately following his departure from [] office, [] telephoned EMERY JACOBS long distance to inform JACOBS that he, HALES, had been transferred out of the State and County Operations office.

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On 4/23/62 at Washington, D.C. File # WFO 87-8242

by SAs [] & CARL L. BENNETT Date dictated 4/23/62

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FWA:clab

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FEDERAL BUREAU OF INVESTIGATION

Date May 2, 1962

N. BATTLE HALES, former Staff Assistant, Office of the Deputy Administrator, State and County Operations, Agricultural Stabilization and Conservation Service (ASCS), United States Department of Agriculture, and presently assigned to the Defense Services Staff, ASCS, telephonically contacted the agent.

HALES advised that he was ready to read the statement that was prepared setting out the results of the interview with him on April 19, 1962. He also advised he had additional information to include in the statement.

Arrangements were made to contact HALES on April 26, 1962, in his new office, Room 5088, South Agriculture Building.

On 4/25/62 at Washington, D. C. File # WFO 87-8242

by SA NFK Date dictated 4/30/62

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FEDERAL BUREAU OF INVESTIGATION

Date 4/27/62

N. BATTLE HALES, former Staff Assistant, Office of the Deputy Administrator, State and County Operations, Agricultural Stabilization and Conservation Service (ASCS), United States Department of Agriculture (USDA), presently re-assigned to the Defense Services Staff, ASCS, USDA, was contacted in Room 5088, South Agriculture Building, for the purpose of having him review, correct, and sign the sworn statement prepared as the result of the interview with him on April 19, 1962.

HALES read the statement, made corrections and signed the following sworn statement:

"April 26, 1962
Washington, D.C.

"I, N. BATTLE HALES, being duly sworn, hereby make the following free and voluntary statement to ANDREW J. SHANNON who has identified himself to me as a Special Agent of the Federal Bureau of Investigation. I have been advised that I do not have to make this statement and that anything I say may be used in a court of law.

"Up until the beginning of business, Friday morning, April 20, 1960, I was a Staff Assistant in the Office of the Deputy Administrator, State and County Operations, Agricultural, Stabilization and Conservation Service (ASCS), Washington, D.C. However, I am presently reassigned to the Defense Services Staff, United States Department of Agriculture (USDA).

"I was born November 16, 1914, at Pine Level, North Carolina. I presently reside on Enterprise Road, Mitchellville, Maryland.

"I have been employed as a Staff Assistant in ASCS since 1951. In my duties as a Staff Assistant, I process, review and make recommendations on program and personnel irregularities in programs under the Deputy Administrator, ASCS. There are approximately 30 programs coming under review including the

On 4/26/62 at Washington, D.C. File # WFO 87-8242

by SAs ANDREW J. SHANNON & [redacted] Date dictated 4/27/62

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administration of the Cotton Allotment Program. My immediate supervisor is [redacted] who is Assistant to the Deputy Administrator. EMERY E. JACOBS was the Deputy Administrator, State and County Operations, ASCS, until he resigned this position on approximately April 9, 1962.

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"One of the cases coming to my attention for processing, review and recommendation was a case contained in an investigation report dated October 27, 1961, captioned 'BILLIE SOL ESTES, Pecos, Texas, Purchase of Pooled Cotton Allotments, Investigation report D-3-595'. I was instructed by [redacted]

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Mr. JACOB [redacted] that I was to work with the Director and Deputy Director of the Cotton Division, ASCS, and a representative of the General Counsel's Office, USDS, in preparing a brief of the facts in this case and have recommendations ready to present to HORACE D. GODFREY, Administrator of the ASCS, on November 14, 1961.

"On November 14, 1961, I attended a meeting in GODFREY's office at which the following individuals were present: HORACE D. GODFREY, [redacted] Assistant Deputy Administrator, State and County Operations, JOSEPH MOSS, Director of the Cotton Division, ASCS, WILSON TUCKER, Deputy Director of the Cotton Division, ASCS, HOWARD ROONEY, Director of Production, Adjustment Division, General Counsel's Office, USDA, [redacted] General Counsel's Office, USDA, WILLIAM DUGGAN, Director, ASCS Investigation Division, [redacted] the ASCS Investigation Division.

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"At the time of the above meeting on November 14, 1961, JACOBS was out of town.

"At the time of the meeting on November 14, 1961, the individuals present at this meeting expressed the opinion that BILLIE SOL ESTES' cotton pool agreements were illegal and that penalties should be assessed on his 1961 production allotment. GODFREY actively objected to it on the grounds that the only witness who could conclusively state that ESTES did not receive approval from the Texas ASCS office was now dead. This was an individual by the

name of MARSHALL. GODFREY also held that a penalty should not be assessed on the 1961 crop on the erroneous notice provision of the regulations. HALES stated that he and others present advised that another witness was present at the meeting mentioned in the investigation report between ESTES and the attorney at the time the so-called erroneous information was furnished to ESTES by MARSHALL.

"This witness was TAYLOR ALLEN, then South West Area Director in charge of the administration of this program in the Southwestern States, including Texas. The signed statement from ALLEN in the report said that MARSHALL had not furnished any erroneous information. MARSHALL died of gunshot wounds sometime in 1961. With the exception of GODFREY, all individuals present at this meeting agreed that ALLEN's signed statement was sufficient evidence to cause cancellation of ESTES cotton allotment. I pointed out at this meeting that the ESTES case should be referred to the Department of Justice as a criminal violation. GODFREY terminated the meeting by advising those present not to take any further action until he met with the Under Secretary CHARLES S. MURPHY and EMERY E. JACOBS the next day.

"I have no knowledge that an official written record was made of the above meeting.

"A few days after the meeting of November 14, 1961, I telephonically contacted a representative of the Cotton Division, ASCS, whom I assumed was WILSON TUCKER as he was the person I generally contacted in this office. I also telephonically contacted a few days later [redacted] in the General Counsel's Office who was also present at the above-mentioned meeting. I was advised by these individuals that GODFREY, JACOBS and the Under Secretary Mr. MURPHY had made the determination not to cancel the 1961 cotton allotment of ESTES and that further action was not possible with respect to his 1962 allotment until further meetings had been held.

"From the time of the above meeting held on November 14, 1961, correspondence that would have

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usually come to me concerning the case was stopped and I received no further correspondence concerning the ESTES case. I would like to state that I received five copies of the investigation report D-3-595 but that subsequently all of these copies have been removed from my jurisdiction.

"I received no further correspondence in this case through USDA channels from JACOBS' office, and did not attend any further meetings concerning this case after November 14, 1961, until the present time. The case I understood in late 1961 and in 1962 was being handled by GODFREY, MURPHY and the General Counsel's Office, USDA.

"I have no direct knowledge that JACOBS interceded in behalf of ESTES in connection with the determination not to cancel irregular pooled cotton allotments to ESTES in 1961 and assess him the proper marketing quota penalty of \$600,000 but it is my understanding that he did. As I previously stated, it is my understanding that JACOBS, GODFREY and Under Secretary MURPHY participated in the decision mentioned above.

"I turned over one of the investigation reports to [redacted] on Nov. 14, 1961; one copy to Mr. JACOBS on Nov. 15, 1961, at the request of his Secretary for use in the meeting with GODFREY and MURPHY; two copies to [redacted] General Counsel's Office, USDA; and the last copy to [redacted] on April 12, 1962. [redacted] advised me he needed the copy obtained 4/12/62 in order to refer the case to the Attorney General, United States Dept. of Justice.

"I would like to point out that on December 15, 1961, I received a copy of the USDA General Counsel's opinion verifying my judgment that the ESTES case was a criminal violation and should have been referred to the Department of Justice. I would also like to point out that previously a communication dated May 13, 1952, received from the Department of Justice signed by JAMES M. MC INERNEY, Assistant Attorney General to the Honorable W. CARROLL HUNTER, Solicitor, Department of Justice, which advised that

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all cases coming to the attention of the Department of Agriculture which appeared to involve criminal violations of statutes administered by the Department of Agriculture should be referred to the Department of Justice for evaluation.

"Around the first of April, 1962, the BILLIE SOL ESTES publicity appeared in the Pecos, Texas, newspapers regarding the case involving chattel mortgages. On the morning of April 4, 1962, [redacted] Assistant to JACOBS, called me into his office and advised that I was being reassigned at JACOBS' request to the Defense Services Staff, ASCS and he would arrange to take over my records on investigations and administrative actions. He said no plans had been made for investigative action work but he would think of something. [redacted] did not give me any reason for my transfer and no advance notice of such reassignment was pending. On or about April 11, 1962, I read in the newspapers that allegations were made that JACOBS had received gratuities from ESTES. I would like to state that I had no prior knowledge or any suspicions or prior knowledge of any gratuities given to Mr. JACOBS or anyone else by ESTES.

"On April 16, 1962, I prepared a memorandum for HORACE D. GODFREY, Administrator, ASCS, regarding the subject of 'Request for Cancellation of Reassignment'. I feel that the information contained in the memorandum is of an administrative matter and one to be handled by the Department of Agriculture.

"I have read, corrected and initialed all corrections and pages of this statement, consisting of six pages, and have signed this page. This statement is true and correct to the best of my knowledge and belief.

"/s/ N. BATTLE HALES
Sworn to and subscribed before
me on April 26, 1962
at Washington, D.C.
"/s/ ANDREW J. SHANNON,
Special Agent,
Federal Bureau of Investigation
Witnessed: [redacted] s/
Special Agent
Federal Bureau of Investigation"

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FEDERAL BUREAU OF INVESTIGATION

Date 5/2/62

On April 26, 1962, N. BATTLE HALES, former Staff Assistant, Office of the Deputy Administrator, State and County Operations, Agricultural Stabilization and Conservation Service (ASCS), United States Department of Agriculture (USDA), and presently assigned to the Defense Services Staff, ASCS, was contacted in his office, Room 5088, South Agriculture Building, for the purpose of having him read, correct and sign the statement that had been prepared incorporating the results of his interview on April 19, 1962, in this case.

During the interview HALES made available information which he had typed up and desired to add to the statement incorporating the results of his interview on April 19, 1962. This additional information typed up by HALES consisted mainly of administrative material concerning HALES' contacts with USDA officials in an effort to make information in his former files concerning the BILLIE SOL ESTES cotton allotment case available to the Secretary of Agriculture, as well as his contacts and telephone calls with Special Agents of the FBI, the Special Agent in Charge, and the Assistant Special Agent in Charge of the Washington Field Office, FBI, regarding the removal of his former files from his jurisdiction, and events which occurred at the time he was deprived of the jurisdiction of his former files by the USDA. The files referred to were those files located under HALES' jurisdiction while he was Staff Assistant, Office of the Deputy Administrator, State and County Operations, ASCS, in Room 5006, South Agriculture Building.

It was pointed out to HALES that the additional information that he had typed up and desired to add to his statement was of an administrative nature, however, the typed information was reviewed and corrected with HALES and it was agreed upon the insistence of HALES that this material should also be set forth in a signed sworn statement, as HALES felt it was pertinent to the information that he had previously furnished on April 19, 1962.

It was mutually agreed that the Agents would take the additional typed information made available by HALES and incorporate it in a signed sworn statement and return it to HALES for his review, corrections, and signature.

On 4/26 and 4/30/62 at Washington, D. C. File # WFO 87-8242
by SAs ANDREW J. SHANNON and [redacted] AJS:mfd Date dictated 5/2/62

On April 30, 1962, HALES was contacted in Room 5096, South Agriculture Building, for the purpose of having him review, correct, and sign the typed sworn statement prepared which set forth the additional information that he had furnished on April 26, 1962. This statement is set out in its entirety.

"April 30, 1962

"I, N. BATTLE HALES, being duly sworn, hereby make the following free and voluntary statement to ANDREW J. SHANNON, who has identified himself to me as a Special Agent of the Federal Bureau of Investigation. I have been advised that I do not have to make this statement, and that anything I say may be used in a court of law. I have also been advised of my right to have an attorney.

"From 1951, to the close of business, April 19, 1962, I was employed as a Staff Assistant, Office of the Deputy Administrator, State and County Operations, Agricultural Stabilization and Conservation Service (ASCS), U. S. Department of Agriculture (USDA). My office was located in Room 5606, South Agriculture Building. On April 20, 1962, I was re-assigned to the Defense Services Staff, ASCS.

"I was born November 16, 1914, at Pine Level, North Carolina. I presently reside at Enterprise Road, Mitchellville, Maryland.

"On Wednesday, April 18, 1962, I met with [redacted] the Secretary of Agriculture; [redacted] Agriculture and [redacted] ASCS. This meeting took place in [redacted] office pursuant to a request that I had made to meet with the Secretary of Agriculture to divulge certain information of favoritism by officials of the Department to BILLY SOL ESTES in connection with over 3,000 acres of cotton allotment which ESTES had obtained from displaced cotton producers in other states and areas. [redacted] requested that I make this information available to him in the presence of

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[redacted] I advised [redacted] because of the information and the nature of the information, it would be necessary that this information be furnished directly to the Secretary of Agriculture.

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"Agent SHANNON of the FBI was not present during the above conversation. However [redacted] later called in Agent SHANNON and EDWARD M. LOWEREE, Chief of Investigations, Office of Personnel, USDA, and asked that I furnish this information to Mr. SHANNON.

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"I voluntarily agreed to see Agent SHANNON who made an appointment to see me in my office Thursday April 19, 1962, at 10:30 a.m. I advised [redacted] in the presence of Agent SHANNON that the information that I had to furnish was in connection with certain files in my custody which pertained to ESTES' cotton allotment transaction. [redacted] requested me to cooperate with the FBI and furnish any information concerning this matter.

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"On Thursday, April 19, I was interviewed under oath by FBI Agents SHANNON and [redacted] at which time I furnished them with information and copies of documents from the ESTES file. This interview lasted into Thursday afternoon, during which time they took notes in order to prepare a sworn statement for my signature. At the conclusion of the interview, it was mutually agreed that they would prepare this statement in typewritten form and bring it to me the next day, Friday, April 20, when I would be given an opportunity to review the contents of the statement and verify the facts from the records in my office. My secretary was not present, at the request of Agents SHANNON and [redacted], during this interview, and I was unable to locate certain of the records during her absence. For this reason, I had informed Agents SHANNON and [redacted] that it would be essential for me to verify the facts which I had furnished them.

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"On Friday, April 20, 1962, when I arrived at my office at 9 a.m., I was met outside my office door by Mr. MARDEN D. KIMBALL, Director, Administrative Services Division, who advised that I was to report to [redacted] Acting Deputy Administrator, State and County Operations, acting in that capacity since the resignation of EMERY E. "RED" JACOBS. When I arrived in [redacted] office, in the presence of Mr. JOHN HAUGHEY, Director, Personnel Management Division, ASCS, and [redacted]

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[redacted] advised me that effective immediately I was relieved of my duties in connection with actions on investigation reports, and he handed me a personnel re-assignment, which assigned me to the Defense Services Staff, ASCS. [redacted] advised me at this time that I no longer had access to the investigation report action files, and I was forbidden to use or remove any of these files. He advised me that I was assigned to Room 3300-B, Auditors Building, and that I would be assigned a new secretary.

"I advised [redacted] that his orders to me were in conflict with orders given to me by [redacted] Secretary of Agriculture, to furnish the information relating to the ESTES case to the FBI. He advised that he would ask [redacted] for clarification of this conflict and would call me. He instructed me to report to Mr. HOWARD J. SIMONS, Director of the Defense Services Staff, who would advise me of my new duties and assignment. While I was in Mr. SIMON's office, [redacted] called me by telephone and advised me that he had discussed the matter with [redacted] had informed him that I was to be denied access to the ESTES records unless [redacted] advised otherwise. [redacted] told me that I could go to my old office to remove my personal effects.

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"I arrived at my old office, Room 5606, South Agriculture Building, at approximately 9:50 a.m. on Friday, April 20. When I entered, I observed a [redacted] sitting at my desk inventorying the case files relating to actions on investigation

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reports. [redacted]

[redacted] was present in the room. I immediately called Mr. JOHNSON, Special Agent in Charge, FBI, Washington Field Office, and advised him that I was unable to complete my interview with Agents SHANNON and [redacted] since I was denied access to the records upon which the interview was based. While I was on the telephone talking to Mr. JOHNSON, Agents SHANNON and [redacted] walked in with the statement that they had prepared, and Mr. JOHNSON, at this time, spoke to Mr. SHANNON.

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"Mr. SHANNON talked to [redacted] regarding the circumstances of his presence in the office, however, [redacted] left the office hurriedly before he could be interviewed by FBI Agents. *De*

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[redacted] advised the Agents that she wanted to go on record as to the circumstances of that morning, and Agent SHANNON willingly took the information provided by [redacted]

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"Around 12:30 p.m. on Friday, April 20, I called Mr. JOHNSON, Special Agent in Charge, FBI Washington Field Office, and asked him if he had any further information concerning whether the records would be made available to me to complete the interview. He advised me that the matter was being discussed, but that the FBI did not have any authority to require the Department of Agriculture to make its files available. He said that he would probably know later that afternoon. I called him back at 5:30 p.m., Friday, April 20, at which time he advised me that the matter still had not been resolved, and I again advised him that I could not furnish a signed sworn statement without referring to my files.

"On Monday, April 23, FBI Agent [redacted] and another FBI Agent came to my new office, Room 5088, South Agriculture Building, and asked me if I was prepared to sign the statement. I called Mr. JOHNSON, but in his absence, I talked to [redacted] his assistant. [redacted] advised

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that the FBI did not have authority to request that these records be made available to me in connection with the interview, and it would be necessary for me to obtain permission from the Department of Agriculture to gain access to the records... I then advised [redacted] and the Agents that I would prefer to wait for further developments before signing the statement.

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"I have furnished a separate signed sworn statement to the FBI incorporating the information which I furnished to Agents SHANNON and [redacted] on Thursday, April 19, 1962. However, there were additional documents relating to the ESTES cotton pooled allotment case which I had intended making available to Agents SHANNON and [redacted] but which I was denied the opportunity to do so when the files were denied to me by USDA officials.

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"I have read the above statement consisting of six pages and this page. I have initialed all corrections, and initialed all pages. This statement is true and correct to the best of my knowledge and belief.

"/s/ "N. BATTLE HALES

"Sworn to and subscribed before me on
April 30, 1962 at Washington, D. C.
ANDREW J. SHANNON
Special Agent,
Federal Bureau of Investigation

"Witnessed:

[redacted]
Special Agent, FBI
Washington, D. C."

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The following last sentence in the above-mentioned statement was added to the statement at HALES' request. This sentence is as follows:

"However, there were additional documents relating to the ESTES cotton pooled allotment case which I had intended making available to Agents SHANNON and [redacted] but which I was denied the opportunity to do so when the files were denied to me by USDA officials."

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HALES was questioned concerning the identity of these documents and he described them as follows:

1. USDA General Counsel's opinion dated December 15, 1961. verifying HALES' judgment that ESTES case was a criminal violation and should have been referred to the Department of Justice.

2. Memo dated January 31, 1962, from EMERY E. JACOBS, former Deputy Administrator, State and County Operations, ASCS, to Texas, Oklahoma, and Georgia State Chairmen, which memo enclosed certificate to be executed by "buyers" of allotments or sellers of land in cotton pooled allotment cases.

3. Interoffice memo from HALES to JACOBS dated February 14, 1962, in the DILL and WHITE case, which involved acceptance of commissions from land sellers by two employees of the Custer ASCS County Office, Clinton, Oklahoma, in which memo HALES pointed out nothing could be done in DILL and WHITE case administratively until determination was made with ESTES pooled cotton allotment case.

4. HALES' memo requesting investigation by Investigation Division, ASCS, concerning circumstances surrounding signing of false chattel mortgages. These involved three ASCS county committee chairmen in Reeves County, Texas.

HALES also stated there were possibly other pertinent documents in the files formerly in his possession.

Date April 30, 1962

[redacted]
Secretary of Agriculture, telephonically advised that WILLIAM E. MORRIS, former Assistant to Dr. JAMES T. RAMPH, former Assistant Secretary for Agricultural Stabilization, contacted the Civil Service Commission (CSC) this date with his attorney for the purpose of appealing his dismissal from the United States Department of Agriculture. [redacted] learned that MORRIS did not contact the CSC until April 23, 1962, as he was reported to be upset and distraught.

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On 4/23/62 at Washington, D.C. File # WFO 87-8242
by SA [redacted] kmm Date dictated 4/27/62 (RD)

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Date 4/30/62*E. M. Lowerree*

On April 25, 1962, EDWARD M. LOWEREE, Chief, Division of Investigations, Office of Personnel, Office of the Secretary, United States Department of Agriculture (USDA), telephonically advised that WILLIAM E. MORRIS, former Assistant to Dr. JAMES T. RALPH, former Assistant Secretary of the USDA, and MORRIS's attorney were to come to the Department of Agriculture at 3:00 p.m. on the same date and talk to CARL BARNES, Director of Personnel. According to LOWEREE, MORRIS is going to appeal his proposed dismissal from the USDA, following MORRIS' receipt of a letter of charges against him sent to him by the USDA dated April 16, 1962. LOWEREE indicated that following the interview between BARNES, MORRIS and his attorney, [redacted] Secretary of Agriculture, planned to ask MORRIS some questions relating to internal matters of the USDA.

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LOWEREE stated that if MORRIS indicated a desire to talk to the FBI he would so advise the Agent.

On April 26, 1962, LOWEREE made available a copy of the following documents furnished by MORRIS to the USDA:

- (1) Answer of WILLIAM E. MORRIS to charge of failure to follow official instructions (eight pages);
- (2) Exhibit A -- Statement of WILLIAM E. MORRIS April 23, 1962 (fifteen pages);
- (3) Affidavit of [redacted] representing MORRIS (two pages).

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Photostat copies of the above three documents are attached hereto.

On 4/25, 26/62 at Washington, D.C. File # WFO 87-8242

by SA ANDREW J. SHANNON/dab Date dictated 4/27/62

**ANSWER OF WILLIAM E. MORRIS TO CHARGE OF
FAILURE TO FOLLOW OFFICIAL INSTRUCTIONS**

On April 6, 1962, Billie Sol Estes was indicted by a federal grand jury in connection with certain of his activities in no way related to the affairs of the Department of Agriculture. Since this event has major significance in relation to the charge pending against me, I am attaching hereto, as Exhibit A, a full and complete statement of my official and personal relations with Mr. Estes. Exhibit A shows, and I hereby declare, that I have not at any time asked or sought special consideration from any person, officer or agent of the Department of Agriculture in behalf of Mr. Estes or any person or corporation associated with him. When these facts are confirmed by the investigation being made by the Department of Agriculture and the Federal Bureau of Investigation, it will be apparent that I am not guilty of any wrongdoing.

At the outset, it must be understood that from March 1, 1961, when I first met Mr. Estes, to the time of his indictment, I developed and maintained a close personal and social relationship with Mr. Estes. I respected and admired him as an outstanding man of our time. My wife and my four children were equally fond of him and he was a frequent dinner guest in our home. My close relationship with Mr. Estes was open and fully known to all my associates in the Department of Agriculture, and no one commented adversely.

I submit that my friendship with Mr. Estes is not subject to censure, and I should not be penalized for being his friend. Indeed, insofar as appearances were concerned, everyone would have been glad to call him friend. Hy typified the American success story -- poor boy to rich industrialist, his charities were well known, he was a deeply religious man, highly regarded and respected in his community and wherever he was known, and amongst his friends and acquaintances, he counted many persons high in State and Federal Government Circles. During my employment with the Department of Agriculture, I knew that he was appointed to the very important Cotton Advisory Committee by the Secretary of Agriculture after Department investigation and F.B.I. clearance. I also knew that he was highly regarded by Senators and Congressmen and other officials. I also knew that Mr. Estes was a very substantial contributor to the Democratic Party and well regarded in Party circles. Therefore, insofar as my knowledge went, Mr. Estes was a man to be admired and respected. Hindsight cannot alter this fact.

My social relations with Mr. Estes confirmed his public image. He was extremely generous, compassionate, warm, friendly, honest.

reliable, sincere and thoughtful. He did not drink or smoke, and was true to his wife and family. When he ate dinner at our house, it was always in the kitchen, family style. There was nothing pretentious about him. I truly believe he valued my friendship, not my position.

Because of the foregoing, Mr. Bates' arrest and subsequent indictment on about April 6, 1962, was the greatest shock of my life. I considered it a personal tragedy and could not believe there was not a satisfactory explanation of the charges.

Thereafter, each passing day brought new revelations, charges and innuendos. The investigation into Mr. Bates' affairs by the Attorney General of the State of Texas compounded my bewilderment, and I was further shocked by the resignation of my superior, Emory E. Jacobs, on April 13, 1962. Mr. Jacobs had been one of my closest personal and family friends for many years. He had also been responsible for my appointment. In addition, charges were made against Assistant Secretary James T. Ralph, the man to whom I had been Confidential Assistant for almost a year and whose family is very close to mine in church and social relationships. I was also greatly disturbed by the emphasis on this entire matter by the press in many news items and editorials. Of course, I was also repeatedly called by members of the press.

It would be an understatement to say that I was extremely distraught by these many events. Strange as it may seem, I was not concerned about my personal integrity, for I had nothing to hide nor

to be ashamed of. However, I was extremely concerned lest I be the source of embarrassment to others whom I knew had had associations with Mr. Estes and who had obtained my promise not to voluntarily reveal their names. In fact, one such person, advised me that he would deny any statement I might make as to his association with Mr. Estes. Since this person was much more influential than I, I was in the position of being wrong no matter the action I took. In this confused state, I simply did not know what to do.

On the afternoon of Thursday, April 12, 1962, my Secretary advised me upon my return to the office, that a [redacted] in the Office of Personnel wanted to talk with me in connection with an investigation of Billie Sol Estes. I immediately called [redacted] who came to my office.

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[redacted] asked and was told about my two official trips to Pecos, Texas; about the hat Mr. Estes had bought me; the postal money orders Dr. Ralph and I had received at Christmas; and the fact that I had received numerous calls from the "Hill" but had not interceded in behalf of Mr. Estes with Department officials.

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[redacted] was also told that Mr. Estes had sent me a few boxes of cantaloupes at the office, a fruit basket to my home last Christmas, but that I had not received any other valuable gifts or compensation from him.

He said he would try to get back with a statement for me to sign, but he did not return by 5:30, so I drove my carpool home.

I had been asked by a number of people, including [redacted] to make no statements to the press, and when I began receiving calls from reporters, I decided to take leave Friday, April 13, 1962, and so advised my Secretary.

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To avoid reporters calling me at home, I spent the day, Friday, April 13, on personal business away from the house, including several hours getting my car fixed at Al's Motors, Arlington, Virginia. When I returned home in the evening, my wife told me that [redacted] wanted me to call him. I did so immediately, and he said he would bring a statement by for me to sign the next morning.

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I also received a hand-delivered letter from Mr. John Baker asking me to call him, which I did. I explained to Mr. Baker that I was avoiding reporters, and he said I should not talk to them.

Immediately after talking with Mr. Baker, Congressman H. Carl Andersen called and said he had heard of developments and still hoped desperately that nothing would come out about his trip to Pecos as it could be most damaging to him even though it was purely personal business. I again agreed to say nothing whatever to anyone about the trip and also agreed to his request to meet him at the Rosslyn Hot Shoppe at 4:00 p.m. the next day.

The morning of Saturday, April 14, 1962, [redacted] came by my home with a statement for me to sign. Except for the fact that

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he had omitted reference to Congressional calls on behalf of Mr. ^{he} Estes (which I called to his attention and said should not go in), and the fact that I had omitted reference to a personal trip to see Mr. Estes with Congressman Andersen per his urgent request, the statement was factual.

Saturday afternoon, April 14, 1962, I met Congressman Andersen and he renewed his plea that I make no statement concerning our trip to Pecos. He further stated that if it did come out, we would both tell the truth about the whole matter. I gave him my word.

That evening, two office associates of my wife came by to see us and told us that in response to inquiries, they and Congressman Edmondson had told reporters that they knew nothing about my wife writing a column for a Pecos newspaper. They assured us that this was only for the press, to protect the Congressman from adverse publicity and that they would relate the true facts in response to any inquiries from official investigators. They were well acquainted with the work of my wife on the column as they had helped gather releases for her, and Congressman Edmondson had been told about it before the first column was ever written. He had no objections at that time as my wife worked only part-time for him. That my wife was now, as a result of her bona fide reporting efforts, involved in this matter was the final blow. I was shocked beyond description and, in addition, amazed at the Congressman's position.

Reporters came to the house, and [redacted] from my wife's office) told them I was not home. [redacted] stayed overnight to

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help my wife cope with the problem, and I went to the home of a friend to avoid the reporters. I came back later that night and early Sunday morning, I left again. My wife took the children to church and drove [REDACTED]

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At the point of mental and physical exhaustion, I spent Sunday night with a friend. In the morning paper of Monday, April 16, Congressman Andersen acknowledged the trip we made to Pecos to see Mr. Estes.

By Monday morning, April 16, 1962, it appeared to me that everyone I knew who had been associated with Mr. Estes wanted their names kept secret, Congressman Andersen being the only exception. While I knew that I was personally not guilty of any wrongdoing, and had been informed by Mr. Baker that I was clear, I was in a complete quandry as to the course of action I should follow. My sense of loyalty to others having an innocent association with Mr. Estes caused me to believe that I should not voluntarily disclose their association. On the other hand, I wanted the full facts necessary to establish my innocence spread on the record.

Therefore, by the morning of April 16, 1962, I was exhausted by the emotional pressures generated by all of the foregoing which had resulted in my going practically without food or sleep for several days. I had reached the point that I was not capable of determining the proper course of action to follow. I had no intention of deliberately ignoring official instructions. Indeed, because of the stress of the last two weeks, culminated by the events of the

preceding few days, I was not responsible during the period in question.

I now realize and am fully aware, that my two telephone calls to the Department on Monday, April 16, did not constitute full compliance with Mr. Baker's letter of April 13, 1962. However, it was not my intention to willfully fail to follow official instruction

Therefore, in view of all the circumstances, I respectfully submit that the charge does not justify my removal, the maximum possible penalty. If any penalty is required in these circumstances, it should be limited to administrative disciplinary action within the Department.

I request the opportunity to personally appear before an official of the Department provided such appearance is not scheduled before May 9, 1962. My reason for this being that I plan to get away with my wife for the period from now to then.

WILLIAM E. MORRIS

Dated:

April 23, 1962

STATEMENT OF WILLIAM E. MORRIS

April 23, 1962

I, William E. Morris, make the following statement in connection with the investigation into the affairs of Billie Sol Estes. As a preface to my Statement, I hereby declare that, with the exception of the "Texas Hat" which Mr. Estes purchased for me the first day I met him, I accepted no gifts of value, compensation, nor any other reward of any nature from Mr. Estes. I did not seek nor obtain any special consideration for Mr. Estes from the U. S. Department of Agriculture or its employees, nor did I bring any pressure to bear in his behalf. On the contrary, as will be shown below, I carefully refrained from taking actions or making inquiries which could be interpreted as an effort on my part to seek special benefits for Mr. Estes. In addition, I kept my superiors fully informed of my relationships with Mr. Estes.

Department records will confirm that prior to March 1, 1961 I had been employed by Congressman H. Carl Andersen of Minnesota as his Administrative Assistant. They will also show that I was appointed Consultant on March 1, 1961, and on that date was sent to Texas to interview candidates for appointment as State CSS Committee-men.

Department records should verify that I was given a list of about nine names to interview at various points in Texas, that these

interviews were more or less perfunctory inasmuch as an asterisk by each of five names indicated those to be found qualified for appointment, and that [redacted] Texas, was on the list with an asterisk indicating that he had been selected for appointment. Before I left Washington, arrangements were made to have [redacted] meet me at the Midland-Odessa Airport for an interview and to complete his formal application.

When I arrived at Midland-Odessa, I was met by [redacted] in the company of several men, one of whom was Mr. Estes. Since I had several hours to the next flight, I accepted their invitation to fly over to Pecos with the understanding that they would have me back in time to catch my plane. While in Pecos, I was taken on a drive around the City, and Mr. Estes insisted on buying me a hat, although I attempted to pay for it myself. All of the hats I tried on had \$20.00 or \$25.00 price tags, but no tag was in the hat Mr. Estes bought. I later learned that it had cost \$100.00, but was also told that Mr. Estes bought many such hats for visitors.

My hosts delayed me beyond my scheduled flight, insisting that I stay overnight with them. This I refused to do and the only alternative was to permit Mr. Estes' pilot to fly me to Austin. A call was made to the man to be interviewed. At Mr. Estes' insistence,

the pilot flew me on my interview schedule, which I considered in the best interests of the Department, but certainly no favor to me personally.

To my certain recollection, Mr. Estes on the above occasion, never referred to any problems or dealings with the Department. He talked of his immense wealth, his many charities, his very large contributions to the Democratic Party and Democratic candidates, his helping farmers by breaking the high price on fertilizer, and he also told me that he had called Senator Ralph Yarborough and had been told I was "all right." He made a deep and favorable impression on me.

Upon my return to Washington, I made a full report to Mr. Emery E. Jacobs (my superior), having worn the hat to the office to show to him and my associates. Mr. Jacobs complimented me on the job I had done, and had no adverse comment regarding the hat. I wrote a letter of thanks to Mr. Estes. Although I was sent back to Texas for further interviews a short time later, I did not have any contact with Mr. Estes.

Prior to the Birthday Fund Raising Dinner for President Kennedy on May 29, 1961, Mr. Estes called to tell me that he had bought forty tickets (which I knew cost \$100 each), that many of them were not committed to anyone, and that he would like to have my wife and me and several people from the Department as his guests.

I made no special effort to invite Department people, but did take

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[redacted] Ralph) and b7C

two personal friends [redacted]

Maryland. Guests of Mr. Estes included Senator and [redacted]

[redacted] and his staff, Congressman and [redacted]

and others,

all of whom complimented Mr. Estes in highest terms. We did not sit with Mr. Estes and had only a few words with him.

My first knowledge that Mr. Estes had any dealings or any problems with the Department came in the Spring of 1961 when someone from the Cotton Division (probably Mr. Moss or Mr. Tucker) called to ask that I go with them to a meeting with Congressman Carl Albert to try to talk him out of an investigation of some cotton acreage transfers involving Mr. Estes and others. I discussed the request with Mr. Jacobs, told him I did not want to abuse my friendship with Congressman Albert in this manner, and he agreed to send someone else. I did not then and I have not since discussed the matter with Congressman Albert or his staff, although I knew he was asking for an investigation, and I knew him and his staff well. I have visited his office numerous times since and have not brought the matter up.

Mr. Estes was in the Department quite frequently as a Member of the Cotton Advisory Committee, etc., and he spent much time in the offices of Dr. Ralph and myself. He and his associates were many times dinner guests in my home and a very close friendship developed between us. Although he frequently brought up the cotton

acreage question in the office, his visits to my home were purely social and political from the discussion standpoint. My children were extremely fond of him.

During the Spring and Summer of 1961, the question of the cotton acreage came up constantly. I had a number of calls from the "Hill" including several from Senator Yarborough and his staff; Mr. Estes'

[redacted] came to the office to discuss it; Dr.

Ralph received similar calls and instructed me to keep in touch with the matter; and Senator Yarborough had me in his office for about an hour one day at which time he insisted that Mr. Estes was both legally and morally right.

Although it would have been entirely proper in my position to act vigorously in response to the Congressional requests, my better judgment dictated very limited inquiry, in view of the fact that I had been told the matter was being thoroughly investigated. The Department should readily verify that I discussed the matter on only a few occasions with the Cotton Division [redacted] Dr. Ralph, etc. On one occasion, in response to a call from [redacted] in Senator Yarborough's office, I did call the Cotton Division for a breakdown of the acreage involved in Mr. Estes' part of it. It should also be verified that when I discussed the matter, it was in light of the political pressure, Mr. Estes' membership on the Cotton Advisory Committee, and the desirability of getting it properly settled, at the same time protecting the integrity of the Department. I was also told that Senator Yarborough, Congressman

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Rutherford, etc., discussed the matter personally with the Under Secretary.

When the decision was made to formalize appointment of the Cotton Advisory Committee, I was told that the Secretary was holding it up until the investigation was completed. I knew, also, that all Advisory Committee appointees were carefully investigated by the Department and the F.B.I., and when the Secretary later appointed the Cotton Advisory Committee, including the name of Mr. Estes, this indicated to me that he was completely cleared by the investigation.

In early September, 1961, Dr. Ralph and I scheduled a trip to Dallas to meet with the Cotton Advisory Subcommittee and groups of peanut and broiler producers. To my knowledge, Mr. Estes had nothing to do with this schedule, although I believe Dr. Ralph had his Secretary call Mr. Estes to advise of our schedule. Dr. Ralph directed me to take some material to a meeting in Atlanta, and when Dr. Ralph and I arrived in Dallas (I from Atlanta and he from Washington) we were met by Mr. Estes who said he had gotten our schedules from our Washington office. We went to the Statler Hilton Hotel and after checking in, Dr. Ralph and I joined Mr. Estes and several people in his suite. This was purely social except for a discussion between Dr. Ralph and Mr. Estes regarding the details of the Cotton Subcommittee meeting which we had planned to attend, had our arrival not been delayed.

During the peanut meeting next morning, Mr. Estes asked me if I could go someplace with him. He did not tell me where we were going until we went into Nieman-Marcus Store where he wanted to buy me some shoes and suits. I told him I appreciated his friendship but could not accept expensive gifts from him (the shoes were \$135 a pair, etc.). Nothing was purchased, and I did not go to the suit department as he requested:

Enroute back to the peanut meeting, Mr. Estes said he wanted to get something for his wife. We stopped in another shop where he solicited my opinion about various dresses and when he finally chose one, he had it boxed and handed it to me and said to "Take it back to [redacted] in appreciation of the times he had been a dinner guest in our home." I told him she might send it back, but agreed as I saw nothing wrong about it. (My wife did want to send it back, but I told her we would offend Mr. Estes. She did not like the dress; wore it one time and then discarded it. I have no idea as to its cost).

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Mr. Estes was in and out of the peanut meeting and when it broke up, I recall a reporter asked me about Mr. Estes' cotton problem. I told him truthfully that I did not know enough about it to tell him anything. This was not an evasion.

I introduced Mr. Estes to different people at the meeting, including Mr. Mosely (Director of the Dallas Commodity Office), as "A good Democrat, member of the Cotton Advisory Committee, and a good friend of the Department." I have seen Mr. Mosely and talked to

him several times since and he can verify that I have never once brought up the subject of Mr. Estes' grain storage although I was asked several times by Mr. Estes and Texas Congressmen to help him.

When the last meeting of the day broke up, Mr. Estes was waiting for Dr. Ralph and me, and he asked us to go for a walk. We went to Hieman-Marcus Store where the salesman was apparently waiting by pre-arrangement (it was near closing time). Again, Mr. Estes wanted to buy me some suits, but I told him I was not interested in any suits. Dr. Ralph tried on some suits, but I cannot honestly say whether or not he bought any. I was very uncomfortable about the whole thing and spent much of the time walking around other areas of the store. Before we left, Mr. Estes wanted to buy me some shirts, neckties, shoes, etc., but I declined. Nothing was bought for or by me. I saw no packages taken from the store and hoped that Dr. Ralph had not accepted anything from Mr. Estes.

The next morning, I left Dallas with Mr. Estes to attend the Fabens Cotton Festival (this invitation had previously been accepted with the concurrence of Dr. Ralph). In El Paso, I met with a group of cotton farmers to discuss their pink bollworm problem and was the "Guest of Honor" at the Cotton Festival where I was interviewed with Mr. Estes on the telephone by a radio reporter. I had no intention of staying overnight in Pecos with Mr. Estes (advance reservations on my travel schedule will confirm this), but Hurricane Carla made this impossible. I stayed two nights with Mr. Estes, spent the day visiting farms with the County Agent and

ASC Committeemen, and spoke to about 100 farmers at dinner that night. I caught the first available flight back to Washington. My visit to El Paso, Fabens and Pecos was fully covered by the press.

The next time Mr. Estes was in Washington, he told my wife and me about his newspaper ventures. He owned several newspapers, had plans to install a daily in Pecos, and intended to print a dozen or more newspapers in the area of his business operations. He asked my wife to write a Washington column for him to be slanted "right" politically, and he would syndicate it in at least a dozen newspapers. My wife agreed to undertake it, but would not accept any compensation until the column proved itself and she was satisfied with it.

When the Pecos Daily News started publication, my wife sent the editor advance releases describing her background, her relationship to me, etc. Since she was accepting no compensation, we saw this only as an opportunity for her to try something that most Congressional staff members would like to do. I worked with her on the column and we put a great amount of emphasis on favorable agricultural items which I honestly believed to be in the best interests of the Department. The column, with my wife's byline, appeared regularly as a feature of the editorial page. All of my office associates knew about it, as did my wife's.

Although Mr. Estes wanted to pay for the column, my wife and I would not agree until we were convinced that she could handle it,

successfully and that it was a worthwhile effort. No compensation of any kind was accepted the first three months (October, November, December, 1961) although in December my wife did agree to let Mr. Estes buy her a typewriter for her use. This he was to send up from Pecos.

Early in January, 1962, Mr. Estes was in Washington and again insisted on compensating my wife. She again declined but asked about the typewriter (she had been using a borrowed portable at home). Mr. Estes said it was too much trouble to send one up -- why didn't she just buy one here. My wife agreed, ordered a typewriter through the account of Congressman Ed Edmondson, and Mr. Estes gave her the money to pay for it. D.C.

When Mr. Estes was in Washington for the January 20 Democratic Dinner, he insisted that he could not permit this contribution to the newspaper without proper compensation. No decision was reached as to rate of pay as she asked him to leave it up to his publisher and editor. Compensation was to start January 1, 1962. About February 17 or 19, my wife received a check for \$290.00 which we assumed was for six columns (less than \$50.00 a week which we both believed to be quite low for all of the work involved). Incidentally, my wife also agreed to handle "special assignments" which included coverage of the January 20 Dinner party, obtaining information on Post Office construction throughout the Southwest, obtaining information on the possibility of a loan to build a chemical plant in Mexico, etc., but nothing to do with the Department. My wife

has since received one other check in the amount of \$296.00 -- a total of less than \$600.00. She feels, as I do, that she has earned every penny of it.

Last Christmas, I received in the mail two postal note orders in the amount of \$100 each. At my first opportunity, I took the matter up with Dr. Ralph, who had received one, and we agreed that we could avoid offending Mr. Estes by simply endorsing them to the Democratic National Committee for January 20 Dinner tickets which we would give to Mr. Estes when he came up. This was done, and my wife and I bought our own dinner tickets with our own personal funds. Dr. Ralph and I wrote a memorandum to the Secretary informing him of it.

Mr. Estes from time to time complained about the Department selling so much grain out of his elevators. Several Congressional inquiries were received, including a conversation with Congressman Mahon on the date of the Congressional caucus (I walked with him over to the caucus). He told me that Mr. Estes had elevators in every county of his District, was a close personal and political friend, and asked what could be done. I told him as I told Mr. Estes and others, that nothing could be done because this was a problem with all elevators. The Department should be able to verify that I never once interceded with any Department employee in behalf of Mr. Estes' grain storage operations. Mr. Frank Hussey should recall that I told Mr. Estes, in his presence, that it was highly improper for him to even ask for favorable treatment.

As the Department knows, I was assigned by [redacted]

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to close liaison with Congressman H. Carl Andersen. Early in January, 1962, Congressman Andersen told me that he had borrowed \$1,500 from Mr. Estes. This was not too surprising because I had been told that several Congressmen, Senators and others received financial help from Mr. Estes. During the next few weeks, Congressman Andersen discussed the possibility of selling his family mining stock to Mr. Estes (I have through recent years helped him sell this stock to friends, including some in Oklahoma), and I agreed to help him. Congressman Andersen asked me to recommend him highly to Mr. Estes and tell him that he would agree to buy back the stock at a higher price any time within a certain period. This was to be a legal agreement drawn up by an attorney, and was the way Mr. Andersen often sold the stock.

In February and early March, every time I saw or talked with Congressman Andersen, he asked when Mr. Estes would be back in Washington. Mr. Estes did not come up, so Congressman Andersen asked me to go down with him to see if he couldn't interest Mr. Estes in investing in the coal mine. I agreed and asked my Secretary to make the reservations -- paying with my personal check through the airlines ticket office in the Department. I also discussed the whole matter with Dr. Ralph, who asked me to confidentially check with Mr. Estes and others regarding the possibility of getting a [redacted] to support him for the job of

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Executive Secretary of the American Sheep Producers Council as he did not want to go to the Philippines if he could get another job.

Congressman Andersen and I flew to Dallas where we were met by Mr. Estes. Weather made it impossible to fly to Pecos, but we flew to Lubbock, landed at Plainview, where we looked over the storage facility, and then the weather cleared to Pecos. I was present when Congressman Andersen discussed the mine investment but did not hear any final agreement reached. Both Congressman Andersen and Mr. Estes offered to reimburse me for my travel, but I accepted from Mr. Estes in view of his apparent wealth. Congressman Andersen reimbursed me for the ticket I had purchased for him -- he gave me two \$100 bills and I gave him the difference. This trip was in no way beneficial to me personally.

Congressman Andersen returned to Washington Sunday morning and I stayed over a day. The entire day was spent with the Estes family -- three church services, and an afternoon drive to the mountains. Congressman Andersen and I had visited the newspaper and other points around the City, but the Congressman had asked that no publicity be given his trip. This was understandable.

Although I now recall that Mr. Estes appeared to be quite pre-occupied while I was his guest, he said nothing about any problems. As I recall, the only business we talked about was the newspaper in which he and I were both interested.

After my return to Washington, I learned that Mr. Estes had

I believe I have discussed all of my relationships with Mr. Estes with my superiors and associates. All of my official relationships with Mr. Estes were either upon instructions from my superiors or with their knowledge.

G. If Mr. Estes had not been arrested for reasons having nothing to do with the Department, I do not believe that any of my relationships with him would be seriously questioned.

WILLIAM E. MORRIS

A F F I D A V I T

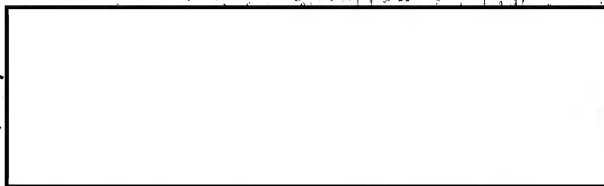
CITY OF WASHINGTON :
: ss
DISTRICT OF COLUMBIA:

I being first duly sworn, do depose
and say as follows:

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1. That I am a member of the Bar of the District of Columbia and have been actively engaged in the practice of law since 1947.
2. That shortly after 9:00 a.m. on Monday, April 16, 1962, I was asked by a member of our firm whether I could interview and advise Mr. William E. Morris. I agreed to do so.
3. I was with Mr. Morris for about three (3) hours during which time I interviewed him and carefully observed his conduct and physical state. It was quite obvious to me that he was physically exhausted and also in an extremely disturbed emotional state.
4. As a result of my observations, I suggested that he see his doctor, or go home, take a sleeping pill and go to bed.
5. It is my opinion that Mr. Morris was not in condition to give a statement on Monday, April 16, 1962, nor was he in condition to report for duty.
6. I, therefore, believe that it would be a miscarriage

of justice to hold Mr. Morris accountable for his actions on
April 16, 1962.



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Subscribed and sworn to before me this 23rd day of
April, 1962.

Notary Public, D. C.

WFO 87-8242

AJS:kmm

On April 27, 1962, SA [redacted] telephonically advised that the Bureau files contain no record that an investigation had been conducted by the FBI concerning BILLIE SOL ESTES's appointment to the Cotton Advisory Committee.

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The files of the Washington Field Office, FBI, contain no record that an investigation was conducted in connection with ESTES's appointment to the Cotton Advisory Committee.

Date May 2, 1962

EDWARD M. LOWEREE, Chief, Division of Investigations, Office of Personnel, Office of the Secretary, United States Department of Agriculture (USDA), Administration Building, furnished the sworn statement set forth hereinafter which he advised was obtained from WILLIAM E. MORRIS on April 25, 1962, by himself and his assistant, [redacted]. The statement is set forth below, and a copy is maintained in the file on this matter:

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"Before me, E. M. LOWEREE, and [redacted] an investigator of the United States Department of Agriculture duly authorized to administer oaths, personally appeared WILLIAM E. MORRIS, of Washington, D. C., County of _____, State of _____, and says:

"Having been advised of my right not to give testimony that may incriminate me, I make this statement voluntarily without any threat, promise or other inducement having been made to me, and knowing that it may be used against me, and after being advised that there is no legal requirement that an oath be taken in an investigation of this nature. It should also be understood that the following contains a condensation of some of the points raised during oral question and answer interview which was not recorded.

"I was in Dallas, Texas on September 8, 1961 to attend meetings of the broiler and peanut industry groups. Following the meeting Mr. BILLY SOL ESTES, Dr. RALPH, and myself walked down the street and entered the Neiman-Marcus Department Store. I recall that it was late in the day, nearly closing time for the store, but a salesman was waiting to greet us in the Men's Clothing department. I do know that Dr. RALPH tried on several suits. The salesman also tried to interest me in a suit or suits, but I told him that I was not in the market and declined to try any on. I walked around the store at intervals while Dr. RALPH was trying on suits. He asked for my opinion as to which looked best on him, but I do not recall seeing him fitted for any suits. I did not see any salesman write up a sales ticket, and I

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by SA COY M. IVY/mlb Date dictated 5/2/62

do not know whether Dr. RALPH got any suit or suits. The salesman tried to interest me in shoes and I was told that one pair of shoes cost \$135. I distinctly remember telling the salesman that he was out of his mind trying to sell me shoes at that price. I did not see Dr. RALPH try on any shoes and do not know whether he got any. A salesman also brought out shirts and ties which he tried to interest me in. Again I did not take any and do not know whether Dr. RALPH got any. Mr. ESTES belittled Dr. RALPH's clothes, saying that he should dress better. ESTES was also pressuring both of us to take some of the clothing. I made two or three trips around the store but cannot estimate the length I was gone from the clothing department.

"When Mr. ESTES was in Washington for a meeting, he read a speech on 'Promotion and Protection of the American Way of Life in Agriculture' which had been prepared by Dr. RALPH. At about that time Congressman HAGEN inserted the speech in the Congressional Record. Mr. ESTES stated that this was such a good speech that it should be distributed widely and that he would pay the cost of having it reproduced and distributed. I went ahead with the reproduction and to the best of my belief, 50,000 copies of the speech were made. Mr. ESTES sent his check for \$200 through the Democratic National Committee and it is my recollection that Mr. ESTES' check was insufficient for that purpose. I paid the \$20 or \$30 balance out of my own pocket. These copies were delivered to our office and they were sent out with various communications, handed out to visitors and otherwise distributed but without any systematic scheme or plan. Dr. RALPH knew that this speech was being reprinted, and that Mr. ESTES was paying for it, and I am sure I told Dr. RALPH of the difficulty I was having in getting it duplicated. This was not a significant thing to me, and hence, I do not have a strong recollection as to when he was told that Mr. ESTES had paid or was to pay for reproducing the speech.

"I have been shown a letter reprinted in the Dallas Morning News on Saturday, April 21, with the heading 'BILLY' in which there is discussed the possible purchase of stock in a coal mine in the

State of Washington from H. CARL ANDERSEN, Representative from the State of Minnesota. Mr. ANDERSEN had previously contacted Mr. ESTES sometime, I think, in January 1962 and thereafter Mr. ANDERSEN advised me that he had received a check for \$1500 from Mr. ESTES. I had nothing to do with arranging this transaction. Previously when I worked for Mr. ANDERSEN he frequently asked my assistance in selling shares of stock, in his mine, and I did contact friends of mine, some of whom, did purchase shares from him. I recall that Mr. ANDERSEN asked me many times when Mr. ESTES was again coming to town; also that Mr. ANDERSEN asked me to meet him for lunch, which I did, and made notes for a letter he wanted me to write to Mr. ESTES. This is the letter referred to above, published in the Dallas Morning News on Saturday, April 21, 1962. I delayed preparing this letter until Mr. ANDERSEN asked me to get it out right away. I sent it without date or signature, but in my recollection that this was early in March 1962.

"Mr. ESTES did not respond to the letter. Mr. ANDERSEN called me many times and finally stated that he wanted to go down there (Texas). I suggested that he call Mr. ESTES, which he did, and Mr. ESTES asked him to bring me along. I talked to Dr. RALPH who said that this was O.K. if I went on leave and at my own expense. This I did. I bought airline tickets for both Mr. ANDERSEN and myself with my own funds. I left on Saturday and I returned the following Monday. I was on annual leave for that day. Mr. ANDERSEN paid me back for his ticket. Both Mr. ANDERSEN and Mr. ESTES wanted to reimburse me for my expenses. Mr. ESTES gave me \$300, consisting of 3 \$100 bills. I said this was too much and gave him back 1 \$100 bill so that I got from him \$200 net, which I estimated would be close to the cost of my trip. No official business was performed on this occasion and it was understood that the trip was entirely personal.

"I collaborated with my wife, ALICE MORRIS, in the preparation of articles appearing under her name in the Pecos Daily News, a paper owned by Mr. BILLY SOL ESTES. The matter of my wife writing such a column or articles on a weekly basis was suggested by Mr. ESTES on a visit to our home. At first my wife declined to take any payment and would not do so until it could be ascertained that the column was a success. She started writing this as I

recall in October 1961. In January 1962 my wife received money from Mr. ESTES to purchase a typewriter. He gave her \$500 and she ordered a typewriter and returned to him \$100. The typewriter cost about \$400. In addition about mid February she received a check for \$296 from the Pecos Daily News and in late March 1962 she received another check \$296 from the same source. I estimate that I spend about an average of one hour each week assisting her with selecting material and checking the draft she wrote, but mostly this was her own effort. At no time was any confidential information obtained by me for including in the column, or any other information which was not already a matter of public record. Moreover, she performed other assignments, none of which were connected with Agriculture.

"I have read the foregoing statement consisting of 3 pages and declare it to be true and correct to the best of my knowledge and belief.

"WILLIAM E. MORRIS

"Subscribed and sworn to before me this ____ day of April 1962 at Washington, D. C.

 "E. M. LOWEREE"

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LOWEREE advises that following the obtaining of the above statement, MORRIS informed that he had a matter which he desired to discuss privately with a high official of the USDA. MORRIS thereafter had a discussion with JOSEPH M. ROBERTSON, Administrative Assistant to the Secretary of Agriculture, USDA, which resulted in ROBERTSON subsequently preparing a sworn statement setting forth the results of his discussion with MORRIS. This statement is set forth hereinafter, and a copy is maintained in the file of this case:

"I am Administrative Assistant Secretary, U. S. Department of Agriculture. I met with Mr. WILLIAM E. MORRIS from approximately 4:50 p.m. to approximately 5:30 p.m., April 25, 1962. Mr. MORRIS came to my office at his request for an interview to discuss some particularly 'sensitive' aspects of his association with BILLIE SOL ESTES and knowledge of the case involving Mr. ESTES. Inasmuch as it involved an aspect of the case that he had not discussed with Departmental investigators, Mr. MORRIS indicated to me that he wanted our conversation to be unofficial and confidential in nature, and was not prepared to discuss with anyone other than me or the Secretary of Agriculture. Mr. MORRIS indicated that the aspect of the case that he wanted to discuss had important political overtones in that it involved a political campaign and implied that it involved a person or persons not yet identified in any investigator's records or in the public media thus far, to his knowledge.

"I told Mr. MORRIS that I could not discuss this aspect of the case with him under the ground rules that he wanted to establish, that is, that I would agree to hold the information that he gave me in confidence; that I would have to be the sole judge as to whom I brought the information that he might divulge to me to the attention of, and that I would certainly be obligated to discuss it in detail with any official investigator from either this Department or any other agency of the executive branch of government or anybody representing any other branch of the federal government. This statement appeared to worry or agitate Mr. MORRIS a great deal, but he did not discuss with me the 'problem' that he came to discuss.

"The remainder of my conversation with Mr. MORRIS related to various aspects of the so-called BILLIE SOL ESTES case and have been included, I believe, in the document, 'Answer of WILLIAM E. MORRIS to Charge of Failure to Follow Official Instructions,' submitted to the Department of Agriculture by Mr. MORRIS' Attorney.

"Reflecting on my conversation with Mr. MORRIS, I am not able to determine to my satisfaction whether

or not there is, in fact, an aspect of this case involving another person or persons, or whether or not Mr. MORRIS simply was seeking an opportunity to talk to somebody about his connection with this case. He did mention over and over that his association with Mr. ESTES had been a close, personal and social relationship since the spring of 1961, but that in his opinion he had not done anything wrong, either from a moral or legal standpoint.

"JOSEPH M. ROBERTSON

"Administrative Assistant Secretary

"Subscribed and sworn to before me at Washington, D.C., this 26th day of April, 1962.

"E. M. LOWEREE, Chief, Investigations
Division, Office of Personnel,
U. S. Department of Agriculture"

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LOWEREE advised that on April 27, 1962, he received a telephone call from JAMES NAUGHTON, Counsel, Inter-Governmental Relations Sub-Committee of the Committee on Governmental Operations (Fountain Committee). NAUGHTON informed that WALTER BERGER is a director of Commercial Solvents Company, address unknown, but probably New York City. NAUGHTON stated that BERGER was formerly head of the Agricultural Stabilization and Conservation Service (ASCS) under the administration of former Secretary of Agriculture BENSON. He stated that BILLIE SOL ESTES defrauded BERGER's company of large sums of money. According to NAUGHTON, Commercial Solvents Company obtained an assignment of moneys from the USDA for moneys owed by USDA to ESTES to reimburse Commercial Solvents for the moneys for which the company had been defrauded by ESTES. NAUGHTON also stated

that JAMES ~~A~~ MC CONNELL is a director for Commercial Solvents Company, and he was BERGER's predecessor as Chief in the ASCS.

JAMES MC CONNELL

LOWEREE stated that he does not know if ASCS has the authority to grant assignments of money to private companies such as Commercial Solvents Company, and that he has made no inquiry to determine if any assignment has been made to Commercial Solvents Company. He also stated that he did not learn from NAUGHTON whether BERGER and/or MC CONNELL are alleged to have any connection with any assignments that may have been made to Commercial Solvents Company, but that NAUGHTON furnished the above information in brief as set forth above from information that had come to NAUGHTON's attention.

In conclusion, LOWEREE stated that in the event instant matter is presented to a Federal Grand Jury, he would appreciate being advised prior thereto in order that he can so inform Secretary of Agriculture FREEMAN in order to avoid this matter being presented to a Grand Jury prior to Mr. FREEMAN's knowledge thereof.

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On April 30, 1962, Mr. LOUIS M. SMITH was interviewed under oath in his office, Room 420, Auditor's Building, United States Department of Agriculture (USDA) and he furnished the following signed statement:

"Washington, D. C.
April 30, 1962

"I, Louis M. Smith, being duly sworn hereby make the following free and voluntary statement to Edward V. Schaum, who has identified himself to me to be a Special Agent of the Federal Bureau of Investigation. I know I do not have to make any statement and that any statement I do make can be used against me in a court of law. I also know I can have an attorney if I so desire.

"I am the Director, Livestock and Meat Products Division, Foreign Agricultural Service, United States Department of Agriculture. I reside at 1113 Westbriar Drive, N.E., Vienna, Virginia.

"I have known William E. Morris for about the past 6 months to one year, having ridden together, off and on, in the same car pool. During the general conversation in the car Morris related that some time ago, no exact date given he had been down in Texas and had met a high spending Texan, who he called Billie Sol. At that time I thought this was the full name of the Texan. Morris related that on a trip to some town in Texas he went into some unnamed store with this individual and the individual bought him a hat which cost \$100.00. Morris stated that he thought this was Texas hospital ty and did not think anything of it at the time, but after giving the matter a second thought did not like the idea of having taken the hat. Morris stated he had more than paid for the value of the hat by giving Billie Sol gifts of equivalent value, such as an illustrated Bible, books which he autographed to Estes and a subscription to some French style magazine. He might possibly have given him a few other gifts which I cannot recall.

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"In another series of conversations in the car Morris raised the question as to how a person should tell another person he did not want an expensive pair of shoes and to have this person know that he meant it. Morris related he was shown a pair of shoes by Estes in a store window in some store in Texas and was urged to try them on. Morris indicated he did not take the shoes from Estes. He stated he informed Estes in a frank discussion that he was embarrassed to be placed in this position and did not want to be offered any gifts.

"In casual conversations Morris indicated that he had never intervened at the Department of Agriculture in Estes' behalf and again mentioned it after the publicity came out regarding Estes' arrest. Morris stated that his work in the Department of Agriculture did not concern cotton allotments and grain storage, in which Estes was interested.

"I do not know Billie Sol Estes and have never had any dealings with him.

"I have read the above two page statement. It is all true and correct to the best of my knowledge.

"/s/ Louis M. Smith

"Sworn to and subscribed to before me on April 30, 1962 at Washington, D. C. [redacted] Special Agent Federal Bureau of Investigation Washington, D. C.

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"Witnessed:

[redacted]

FAS, USDA"

Date 4/24/62~~CARL J. MILLER~~

CARL J. MILLER, Chief, United States Warehouse Act Branch, Special Services Division, Agricultural Marketing Service (AMS), United States Department of Agriculture (USDA), was interviewed under oath at his office in the USDA. He was advised that he did not have to make any statements; that any statements made could be used against him in a court of law; and that he could consult counsel if he so desired.

MILLER furnished the following information regarding the USDA regulations relating to grain storage and his knowledge of the activities of BILLIE SOL ESTES.

The regulations affecting grain storage are set forth in a USDA pamphlet captioned, "Regulations for Warehousemen Storing Grain, as Amended." Under a section captioned, "Warehouse Bonds," the following is contained regarding the amount of bond:

"The amount of bond to be furnished by each warehouseman under these regulations, shall be at least 6 percent of the total value of the maximum number of bushels of wheat that his warehouse could accommodate when stored in the manner customary to the warehouse as determined by the Administrator, calculated upon the basis of the unit price for wheat announced annually by the Administrator: Provided, That if the commodity normally stored or to be stored in the warehouse in greatest quantity over the period of a year has a unit price, as announced annually by the Administrator, higher than wheat, the maximum number of bushels and the unit price of such commodity shall be used in calculating the amount of bond required; and Provided further, That in any case the amount of bond shall not be less than \$5,000.00 nor more than \$200,000.00, except as prescribed in paragraph (c).

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by :MAM Date dictated 4/24/62

"(b) In case a warehouseman has applied for licenses to operate two or more warehouses in the same State and his total assets are subject to the liabilities of each warehouse, he may if he desires give a single bond meeting the requirements of the act and these regulations to cover all his warehouses within the State. In such case all of his warehouses in the State shall be deemed to be one warehouse and the maximum number of bushels that all of said warehouses will accommodate when stored in the manner customary to each of such warehouses shall be considered for the purposes of determining the amount of bond required under sections 102.13 through 102.17.

"(c) In case of a deficiency in net assets above the \$10,000.00 minimum, required under section 102.6, there shall be added to the amount of bond determined in accordance with paragraph (a) of this section an amount equal to such deficiency. In any other case in which the Secretary, or his designated representative, finds that conditions exist which warrant requiring additional bond, there shall be added to the amount of bond as determined under the other provisions of this section, a further amount to meet such conditions..."

In regard to paragraph (c) above relating to deficiency in net assets, another section of this regulation sets forth the requirements with regard to net assets as follows:

"(a) Each warehouseman conducting a warehouse licensed, or for which application for a license has been made, under these regulations, shall have and maintain above all exemptions and liabilities, total net assets liable for the payment of any indebtedness arising from the conduct of the warehouse equal to at least 4 percent of the total value of the maximum number of bushels of wheat that the warehouse could

accommodate when stored in the manner customary to the warehouse, as determined by the Administrator, calculated upon the basis of the unit price for wheat announced annually by the Administrator: Provided, That if the commodity normally stored or to be stored in the warehouse in greatest quantity over the period of a year has a unit price, as announced annually by the Administrator, higher than wheat, the maximum number of bushels and the unit price of such commodity shall be used in calculating the amount of net assets required: Provided, That no person may be licensed as a warehouseman under these regulations, unless he has a net worth of at least \$10,000.00; and Provided further, that any deficiency in the net assets required above the \$10,000.00 minimum may be supplied by an increase in the amount of the warehouseman's bond in accordance with paragraph (c) of section 102.14. In determining total net assets, credit may be given for insurable property such as buildings; machinery, equipment, and merchandise inventory, only to the extent that such property is protected by insurance against loss or damage by fire. Such insurance shall be in the form of lawful policies issued by one or more insurance companies authorized to do such business and subject to service of process in suits brought in the State in which the warehouse is located.

"(b) In case a warehouseman is licensed or is applying for a license to operate two or more warehouses in the same State, under these regulations, and his total assets are subject to the liabilities of each warehouse, the maximum number of bushels which all such warehouses will accommodate when stored in the manner customary to the warehouses as determined by the Administrator, shall be considered in determining whether the warehouseman meets the net assets requirements specified in paragraph (a) of this section."

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MILLER advised that it is the function of his office to supervise the licensing and bonding of warehouses storing products under Agricultural Stabilization and Conservation Service (ASCS).

In further comment on applicable regulations as stated above, MILLER advised that the Administrator sets the unit price for wheat. This price, since fiscal year 1959, has been \$1.90 a bushel. In applying the regulations above, the formula used by USDA to determine the net assets required by the warehouse owner or owners is to compute the total capacity of his warehouse facility in bushels, multiply this by \$1.90 per bushel, the unit price for wheat, and take four per cent of that total. The net assets of the individual must be at least this amount. He added that if an applicant for a license does not have a net assets of at least \$10,000 he would be automatically ineligible for warehouse license and that USDA would, of necessity, have to turn down any application submitted by such individual.

MILLER furnished the following regarding his knowledge of BILLIE SOL ESTES and his activities in the warehousing of grain:

ESTES is a resident of Pecos, Texas, and was first issued a license to store grain on February 24, 1959, for one grain elevator located at Plainview, Texas. This elevator is owned by BILLIE SOL ESTES, doing business as United Elevators. He had purchased this elevator from the firm which had gone out of business, and its capacity was 2,960,000 bushels.

ESTES filed his first application for a license on November 20, 1958, furnishing a personal financial statement as of October 31, 1958, showing his net worth to be \$5,042,244.34. This was not a certified statement.

The USDA sent DONALD MC COY, United States Examiner, to Texas for the purpose of investigating the financial statement as submitted by ESTES. While a full audit is not made of this financial statement, MC COY's primary concern was to determine

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that sufficient net assets existed so as to come within the net asset ratio required under USDA regulations. The findings of MC-COY indicated ESTES' net assets were far in excess of those required by regulations.

After obtaining his first license, which was issued on February 24, 1959, ESTES has continually applied for and received renewed licenses each year thereafter. Bond supplied by ESTES in February, 1959, was in the amount of \$200,000, which is the maximum required by USDA providing the net assets as figured by the formula mentioned above are sufficient. ESTES has also, since issuance of the initial license, acquired additional warehouse facilities at Silverton, Texas; South Plains, Texas; and Kress, Texas.

Since the initial licensing of ESTES in 1959, he has increased his storage capacity from 2,960,000 bushels to 50,949,000 bushels. He has filed the following financial statement with USDA:

<u>STATEMENT DATE</u>	<u>NET WORTH</u>
10/31/58	\$ 5,042,244.34
12/18/58	6,456,941.42
6/30/59	6,652,539.51
12/31/59	6,730,934.29
6/30/60	7,677,006.18
12/31/60	13,734,954.75
6/30/61	15,394,110.19

The financial statements furnished USDA by ESTES were signed by him and were not certified except the statement as of December 31, 1960, which was prepared and certified by Jackson and Rodgers, Certified Public Accountants, 1309 Avenue L, Lubock, Texas.

Bonds furnished by ESTES were as follows:

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<u>BOND DATE OF ISSUANCE</u>	<u>AMOUNT</u>
2/24/59	\$200,000.00
2/24/60	200,000.00
2/24/61	700,000.00
2/24/62	700,000.00

Since ESTES' warehouse facilities were all located within the State of Texas, these could, according to the regulations, and were, covered by a single bond for his entire storage facilities.

MILLER advised that the following licenses were issued as additional warehouse space was acquired by ESTES:

<u>LICENSE NUMBER</u>	<u>DATE ISSUED</u>	<u>WAREHOUSE LOCATION</u>
3-4458	2/24/59	Plainview, Texas
3-4596	2/19/60	Kress, Texas
3-4597	2/19/60	South Plains, Texas
3-4601	5/6/60	Silverton, Texas

MILLER explained that the financial status of ESTES was such that a bond exceeding \$200,000 was not required at any time, according to the regulations.

In May of 1960, C. H. MOSELEY, Director, Dallas Area Office, ASCS, USDA, who had extensive dealings with grain storage warehousemen in Texas, suggested to his superior, FRANK W. HUSSEY, that because of rapid expansion, consideration should be given to requiring ESTES' bond be increased.

MILLER said someone, possibly [REDACTED] USDA, Washington, D. C., talked to him, MILLER, about this matter after receipt of the memorandum of MOSELEY. MILLER instructed the USDA, Wichita Area Office, which covers Texas, that he was inclined to agree that an increase in ESTES' bond would be a prudent requirement due to the unusually rapid increase in ESTES' storage capacity, his single ownership of the storage facilities, his involved financial structure, and further due to the brief experience USDA had with ESTES.

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MILLER instructed the Wichita office that if ESTES filed application for additional capacity, the Wichita office was to require additional bond equal to 10 cents per bushel of such additional capacity space. The determination of the 10 cents per bushel was an arbitrary figure, according to MILLER, and was set at that amount for ease of computation and explanation.

In addition, Wichita was asked to determine if ESTES employs an independent auditor and if so, to secure a copy of the last audit report. If ESTES did not employ an independent auditor, there was all the more reason for requiring an increase of his bond. MILLER advised that this decision to increase the bond was his alone as that was part of his duty at USDA to set bonds on warehouse owners.

After reaching the above determination, ESTES increased additional warehouse space during 1960 and by amendments, his bond was increased as follows:

October 16, 1960	increased to	\$380,000
November 1, 1960	increased to	578,000
December 13, 1960	increased to	700,000

The above increases were all made as a result of applying the 10 cents per bushel additional requirement.

By letter dated November 18, 1960, O. P. ~~HARREN~~, in charge of the Wichita, Kansas, AMS, wrote to advise that ESTES contemplated another increase in capacity which would necessitate increasing his bond to \$981,000. The Aetna Casualty Company (bonding company) objected to carrying more than \$700,000 and advised ESTES that it could place the excess amount of bond with another surety company, not as an underwriter but as a separate bond. This would require a new license for the warehouse in the location to be covered by the new bond to coincide with the effective date of this new bond.

MILLER stated that after discussing the above with employees in his section and based on the capacity of the warehouses, the net worth of ESTES and the amount of excess assets

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owned over the minimum requirement, he felt that it was time to discontinue increasing the bond. He advised that USDA was already requiring \$500,000 more bond than the formula called for. He stated he felt there was no reason to raise this bond any higher.

MILLER stated that by letter dated November 22, 1960, revised instructions were sent to the Wichita office informing them that the bond had been increased sufficiently. He also advised that the USDA wanted to keep all the warehouses under one bond and felt that the contemplated increase of a million bushels of storage capacity in December, 1960, could be included under the \$700,000 bond. This would bring ESTES' total storage capacity to 26,642,000 bushels. The net asset requirements per the regulation would be \$2,024,792; and, according to the latest financial statement, ESTES had more than sufficient net assets.

MILLER stated that this was also an administrative decision made by himself. In making this decision, he took into consideration his knowledge of the operation of the warehouse, the good opinion of the character of the management employed by ESTES, and the manner in which the warehouse had been operated. He felt that ESTES had a sound-going operation and that a further increase in bond would be unnecessary.

MILLER advised that ESTES continued to increase his capacity and as of February, 1962, his four warehouses had the following capacity:

Plainview	40,840,000 bushels
Kress	5,521,000 bushels
Silverton	3,673,000 bushels
South Plains	915,000 bushels
TOTAL	50,949,000 bushels

While the basis for the formula used in determining net assets and the amount of bond is based on the \$1.90 unit price of wheat as set by the Administrator, MILLER advised that ESTES stored primarily sorghum. He did store some other grains but these were negligible.

MILLER said that ESTES was expanding his storage facilities at an extremely rapid rate and had come to be custodian of many millions of dollars worth of grain owned by the Government and others, and he felt that he should know more about him and how he was regarded by persons in his immediate area. He also advised that as of this time, he had not received a certified financial statement regarding ESTES' operations.

By letter dated January 27, 1961, MILLER wrote to the First National Bank of Pecos, Texas, asking for information regarding ESTES' financial standing and reputation.

By letter dated January 30, 1961, ROY C. MC PHERSON, Executive Vice President, First National Bank of Pecos, commented very highly on ESTES' reputation in the community and stated that ESTES had furnished the bank a statement showing a net worth in excess of \$5,000,000. The bank had granted large sum loans to ESTES and had assisted him in obtaining additional financing through others.

When ESTES applied for a renewal license to be effective February 24, 1961, he came to his, MILLER's, office about January 26, 1961, which was during the week following the presidential inauguration. At that time, MILLER said ESTES talked to him about the demands that had been made that he furnish an audited financial statement and explained that he did not have employed an outside independent auditor and questioned as to why such was needed.

MILLER said his comment to ESTES was that all he had to do was consider sitting in his, MILLER's, office and ESTES position and he would understand the USDA's need for such a statement. He informed ESTES that he considered the request to be normal and reasonable. ESTES then agreed to order an audit of his affairs made by an independent auditor.

ESTES further said that while he would be glad to do this, there was one item which the auditor's would not be able to certify, on the basis of their own observations, and that was the merchandise inventory which was principally in the form

of anhydrous ammonia stored in tanks. He explained that these tanks were scattered throughout a large area and were in at least 4,000 separate locations. He stated it would be time-consuming and impractical for the auditing firm to track down each of these 4,000 sites. ESTES valued the contents of these tanks in the neighborhood of \$1,000,000. MILLER stated that he informed ESTES that he understood this reservation and would take it into consideration in evaluating the certified financial statement when received.

MILLER said the principal purpose for requiring the audit was the rapid expansion by ESTES and ESTES' expressed desire to continue to expand to the point where he would handle one half of all the grain produced in the Panhandle of Texas. MILLER felt that ~~there was~~ a definite need for independent verification of the some \$6,000,000 to \$7,000,000 in net worth as has been stated by ESTES.

About February 18, 1961, MILLER advised that ESTES called him from Pecos, Texas, and informed him that the audit had been completed. He stated he was very glad that the USDA required him to have this audit made because the results of the audit showed he had substantially more net worth than he had realized and this audited statement would place him in a better position to obtain credit at a more favorable rate.

As stated previously, ESTES' net worth, according to this audited financial statement as of December 31, 1961, was \$13,734,954.75.

The audited statement was received at the USDA in February, 1961. MILLER said that on February 23, 1961, he wrote ESTES a letter asking for information relating to the insurance coverage he had on fixed assets, which were those assets other than the grain elevators which were insured for about \$6,000,000.

ESTES replied by sending to USDA a letter from Superior Manufacturing Company, Amarillo, Texas, which stated to the effect that ESTES had purchased anhydrous ammonia tanks from Superior in an amount exceeding \$9,000,000 and that the tanks were paid for

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by ESTES. The letter indicated that no insurance on the ammonia tanks was required in the normal manner of operation by mortgage holders on similar tanks. MILLER stated that in view of the total amount of net assets owned by ESTES, exclusive of these fixed asset items, his net asset status was such that he was far in excess of the required minimums set by USDA regulations.

MILLER advised that on September 13, 1961, C. H. MOSELEY, Director, ASCS Office, Dallas, wrote a letter to FRANK HUSSEY, ASCS, Washington, D. C., stating that complaints had been received to the effect that ESTES had chattel mortgages in the amount of \$7,745,156 filed against him, which was not fully reflected on the financial statement (financial statement was not further referred to). Attached to the letter were several Dun and Bradstreet reports itemizing the chattel mortgages filed against ESTES' assets.

MILLER stated that upon receipt of the above information he discussed the matter on September 21, 1961, with Mr. CHARLES CLEVELAND, Chief Investigator, Internal Audit Division, USDA. MILLER asked CLEVELAND to approach ESTES and obtain permission to interview representatives of Jackson and Rodgers, the Certified Public Accountant firm who had prepared ESTES' December 31, 1960, financial statement.

MILLER said he did not request CLEVELAND to proceed in a precise manner other than as stated above since this was within CLEVELAND's office functions, and the extent of such checking with the audit firm or other investigation was left to the discretion of CLEVELAND.

MILLER advised that he had been hearing complaints to the effect that ESTES was becoming a problem to his competitors due to his rapid expansion of warehouse capacity. MILLER advised that his financial file containing the various financial statements furnished by ESTES was turned over to CLEVELAND on September 22, 1961. Receipt of the file was acknowledged by CLEVELAND on September 28, 1961. In this communication, CLEVELAND advised MILLER that he would request current Dun and Bradstreet reports and conduct such further inquiry as required.

WFO 87-8242

MILLER stated that he felt he had taken the proper action by referring the matter to CLEVELAND. MILLER advised that on April 6, 1962, his financial file on ESTES was returned to him by hand. CLEVELAND informed MILLER by telephone that his office had made several attempts to make an examination of the records but were continually stalled by the Certified Public Accountant firm of Jackson and Rodgers.

The newspapers contained articles reporting the arrest of ESTES. It was CLEVELAND's opinion that since the Department of Justice would be conducting an investigation of ESTES, no further investigation was contemplated by his section.

MILLER advised that to date he has received no written report from CLEVELAND as to what information his office developed.

MILLER said that on April 5, 1962, he sent a telegram to ESTES asking to be advised immediately if control of United Elevators, Allied Elevators, and Paloduro Elevators was to be turned over in any manner to any entity other than those now licensed. He did not receive a reply from ESTES but instead on April 6, 1962, was called by [redacted] Texas, who advised that the creditors were going into Federal court on April 7, 1962, to request the appointment of a receiver.

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MILLER advised that on April 6, 1962, all of ESTES' licenses were suspended. In explaining why he in his telegram had inquired regarding the Allied Elevators and Paloduro Elevators, MILLER explained that WAYNE COOPER, the manager of ESTES' elevators, was also the manager of these elevators, and in view of this it was thought that ESTES might have an interest therein although the files do not reflect any reference to ESTES in connection with these two concerns.

[redacted] told MILLER that these would be included in the request of the court for the appointment of receiver inasmuch as they were ESTES' affiliates.

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From the file available in his office, MILLER advised as follows:

[redacted]
[redacted] Allied Elevators and operating Allied Elevators, Herford, Texas. Storage capacity was 9,730,000 bushels.

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License number 3-4619 was issued to C. E. DAVIS, doing business as Paloduro Grain Company, operating Paloduro Elevators, Tulia, Texas. Storage capacity was shown as 18,790,000 bushels.

MILLER advised that his files contained nothing against DAVIS [redacted] and their licenses would not have been suspended except for the receivership notice.

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MILLER stated that it had been the experience of the USDA in dealing with ESTES that the elevator operation was primarily in the hands of WAYNE COOPER, an employee of ESTES. It appeared that COOPER was in full charge of the day-to-day operation of the elevators and that ESTES' principal activities in regard to them had to do with expansion of facilities and the obtaining of additional elevators.

MILLER furnished the following information regarding his personal contacts with ESTES and COOPER:

He could not recall a specific time but believed it was possibly in 1959 when he visited the Wichita office of USDA on a field trip. While there, he met COOPER, who had come to the Wichita office with two of his employees whom he desired to have licensed as grain inspectors. He said this contact was of no significance, and it was just a coincidence that he happened to be in the Wichita office at the time COOPER was present.

He advised he first met ESTES on or about January 26, 1961, when ESTES came to his office to discuss the reason USDA was requiring an independent audit of ESTES' records.

MILLER's next contact with ESTES was a telephone call received from ESTES stating that the audit had been completed and was being sent by mail.

MILLER said that in May, 1961, he was attending a meeting in the Atlanta office of the USDA and was called out of that meeting to answer an incoming call. He found the caller was ESTES, who was calling from Pecos, Texas, and had called the Atlanta office after learning that he, MILLER, was not in Washington, D. C. ESTES said he would be in Washington, D. C., the next week and he wanted MILLER and his wife to be his guests at President JOHN F. KENNEDY's \$100 plate birthday party.

MILLER said he told ESTES that he appreciated the invitation; he felt that this would be an exciting event; and he would write ESTES when he had had a chance to further consider the invitation.

ESTES followed up this telephone call by writing a letter dated May 12, 1961, wherein he stated the birthday party would be May 27, 1961.

MILLER said on May 22, 1961, he wrote ESTES declining the invitation but informing ESTES that he would like to see him while in Washington, D. C. He had nothing specific to discuss with ESTES but felt that in declining the invitation he should at least express a desire to see him while in Washington.

Thereafter, ESTES, along with his wife, children, several associates and their wives, came to Washington, staying about a week during the time of the birthday party. During that week, WAYNE COOPER, who was also a member of the party, called and asked that he, MILLER, and his wife join them for dinner at the Water Gate Inn. MILLER accepted the invitation and attended the dinner with his wife.

MILLER estimated there were about 30 people in the party, including ESTES, his wife, family, and associates, but he could not recall the identities of specific members of the party nor could he recall any other USDA employees or officials being in the group. MILLER said he did not know who paid for the dinner that night, but that it was apparently taken care of by one of the participants.

ESTES came to town several times during the Summer of 1961, but he, MILLER, did not see him. On one occasion WAYNE COOPER, who accompanied ESTES to Washington, D. C., came to his office. MILLER stated that COOPER informed him that he just dropped in to renew his old acquaintance. It is MILLER's recollection that no particular subjects were discussed as pertaining to grain elevator business but has a specific recollection of COOPER's extensive conversation about a recent operation.

MILLER did not thereafter see either COOPER or ESTES, but sometime during the Fall of 1961, MILLER's secretary received a call from ESTES, who advised that he was in Washington and desired to come to his, MILLER's, office but did not know the present location of the office inasmuch as it had been moved. MILLER said his secretary instructed ESTES as to the location of the office, but ESTES did not show up at the office.

On January 16, 1962, MILLER advised that ESTES called him at the office and informed him he would be in Washington, D. C., and invited MILLER to have dinner with him on the evening of January 18, 1962. MILLER advised that he informed ESTES that he was on his way to College Station, Texas, to make a speech and would not be able to see ESTES. MILLER pointed out that while the speech had to do with grain storage, neither ESTES nor any of his associates were present.

MILLER stated that he has never made a trip to Texas to see ESTES nor has he ever seen ESTES on any occasion when making trips for other purposes to Texas or elsewhere. He has never been to any of the elevator storage facilities owned by ESTES nor has he ever been to ESTES' home. He has never received anything of value from ESTES or anyone associated with him with the exception of the dinner at the Water Gate Inn, which may have been paid for by ESTES.

He denied that any action taken by USDA, insofar as he knew, gave ESTES preferential treatment and, in fact, pointed out that the requiring of the bond in an amount over \$200,000 was not a normal requirement, but as previously stated, was

required to protect the best interests of the Government. MILLER advised that he has never given ESTES any preferential treatment nor been requested to give ESTES any preferential treatment.

MILLER stated that the USDA's requirements with regard to bond requirements have been applicable to ESTES' competitors and on the same basis. With regard to one competitor, ROY BURRUS, President, Hart Grain Company, Hart, Texas, MILLER pointed out that as of November 30, 1961, this company showed a licensed capacity in the amount of 1,524,000 bushels. The company's net worth as of November 30, 1961, was \$2,025,092. By using the formula previously mentioned, MILLER advised that BURRUS had sufficient assets for a normal bond. The bond was computed by taking his grain storage capacity times \$1.90 times 6 per cent. He indicated that the bond should be \$173,736, which was rounded out to the next highest thousand to \$174,000.

MILLER pointed out that BURRUS was more heavily bonded per bushel than ESTES but his net worth was only \$200,000 compared to ESTES' net worth of over \$15,000,000. He again pointed out that ESTES' bond was set at the maximum, \$200,000, with his first license and was subsequently increased although the statutory provision would not have required an increase above \$200,000 at anytime for ESTES.

MILLER stated that he would be willing to furnish a sworn statement, signed, regarding the foregoing if it was felt by the Department of Justice that the execution of such a statement by him was desired and essential.

Date 4/30/62

Mr. CHARLES GALLOWAY CLEVELAND, Chief Investigator, Agricultural Marketing Service (AMS), United States Department of Agriculture (USDA), was interviewed under oath in his office, Room 3125, Auditors Building. He was advised he did not have to say anything, and that anything he did say could be used against him in a court of law. He was also advised that he could consult with an attorney if he so desired. Mr. CLEVELAND stated he resides at 5721 First Street, South Arlington, Virginia.

Mr. CLEVELAND stated that as near as he could recall, he received a telephone call from CARL MILLER, Chief, United States Warehouse Act Branch, AMS, shortly before September 11, 1961. He stated that MILLER informed him that his agency had received information from outside sources questioning the financial statement submitted by BILLIE SOL ESTES as of December 31, 1960. MILLER was in possession of a Dun and Bradstreet report showing numerous chattel mortgages had been filed against ESTES, which were not reflected in the December 31, 1960, financial statement.

Mr. CLEVELAND stated that MILLER suggested that he secure a current Dun and Bradstreet report, and through audit work papers of JACKSON and RODGERS, certified public accountants, who had prepared the December 31, 1960 financial statement, determine if the mortgages had been properly recorded in computing ESTES' net worth. Mr. CLEVELAND stated that it was the opinion of MILLER that in all probability the chattel mortgages listed by Dun and Bradstreet had been paid off by ESTES as of December 31, 1960.

CLEVELAND stated this was the first time he had ever heard of ESTES, and had no prior knowledge of ESTES' relationship with the USDA.

Mr. CLEVELAND stated that he requested and received a Dun and Bradstreet report on ESTES as of August 7, 1961. This report did not list any mortgages, and merely stated that facts were not available, as information had been refused.

On 4/27/62 at Washington, D. C. File # WFO 87-8242

by SAs Date dictated 4/27/62
GLM:ajm

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CLEVELAND stated that on October 11, 1961, he wrote a letter to the AMS, Dallas, Texas, Office, requesting that ESTES be contacted to secure his permission to review the accountant's work papers in order to verify the status of mortgages on ESTES's property. Mr. CLEVELAND stated he subsequently learned that an agent of this office went to see ESTES, but he was not available. ESTES' office manager, who he believed was named [REDACTED] was informed of what AMS was interested in, and he agreed to have the information prepared and sent to the local AMS Office in Dallas, Texas. The agent, [REDACTED] left a franked envelope with the office manager so that the information could be sent to the proper office. According to Mr. CLEVELAND, this information was never received, although follow-up trips had been made to Mr. ESTES' Office. The office manager continually promised to look into the matter and furnish the desired information. Mr. CLEVELAND stated that no attempt was made to contact JACKSON and RODGERS or to see ESTES. He stated the inquiry was strictly routine in nature, and no pressure was brought to bear to see to it that the desired information was furnished.

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CLEVELAND stated that he kept Mr. MILLER advised as to the status of the case, and informed him that as soon as the information was received, he, MILLER, would be advised. Mr. CLEVELAND stated that he personally checked with his agent at Dallas on December 8 and 9, 1961, as to the status of the case. He advised that after he learned of ESTES' arrest from the newspapers, on March 30, 1962, he called the Dallas Office of the AMS, to see if they could get the financial information previously requested. He was informed that the Department of Justice had subpoenaed all records, and therefore instructed that no further attempt should be made by the Dallas Office to secure the information previously promised by ESTES' office manager.

CLEVELAND stated that he has never seen or talked with ESTES, nor has he ever corresponded with him.

Date 5/1/62

Delbert J. Harrill, Director, Internal Audit Division, Agriculture Stabilization and Conservation Service (ASCS), U. S. Department of Agriculture (USDA) telephonically furnished the following information:

He advised that the two files he spoke of during the interview with him on April 19, 1962 have now been reviewed. He stated that the name of Billie Sol Estes is mentioned a number of times in the files in the discussion of cotton storage or cotton acreage allotments. He further advised that there appears to be no irregularities, as such, on the part of USDA personnel. However information in the files indicate the county offices of ASCS did not have too much to say in granting cotton acreage allotments to Estes but that such "say" seemed to come from higher up in the chain of authority in USDA.

He said the above files were available for review if necessary.

He also advised that subsequent to his being interviewed on April 19, 1962, he has received other material and files from the Dallas office, USDA, such as audit reports, papers used by auditors, and work files. He said this material could also be reviewed.

On 4/23/62 at Washington, D. C. File # 87-8242
by SA BERNARD M. MABES/alm Date dictated 4/27/62

Date 4/25/62

[redacted] Hotel Washington, made available the hotel "Mail Signature Book," wherein is recorded in chronological order, all registered mail and insured mail addressed to guests at the hotel. A check of this record for the period June 1, 1961 through December 7, 1961, did not disclose receipt of any insured packages or registered mail at the hotel for any of the individuals pertinent to this investigation.

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[redacted] explained that no records are maintained for other type matter delivered to a guest at the hotel.

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The following names were checked through the above-described book with negative results:

BILLIE SOL ESTES

JAMES T. RALPH

WILLIAM E. MORRIS

EMERY E. JACOBS

[redacted]
CARL J. MILLERb6
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MARGARET E. (PEGGY) CAMPBELL

On 4/25/62 at Washington, D. C. File # WFO 87-8242
by SAs [redacted] and ROBERT E. TORRENCE RET:SKF Date dictated 4/25/62

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On April 25, 1962, records of the Credit Bureau, Incorporated, Washington, D. C., were checked by SA [redacted] with respect to EMERY E. JACOBS, [redacted] WILLIAM E. MORRIS, and Dr. JAMES T. RALPH. No record was located for JACOBS nor MILLER at the Credit Bureau. The records contain a report on WILLIAM E. [redacted] dated September 21, 1955, showing an address of [redacted] Virginia, with former residence [redacted] D. C. This report indicated that MORRIS was self-employed in insurance business at 917 15th Street, N. W., Washington, D. C., with estimated income of \$5,000 per annum. [redacted] Congressman EDMUNDSON of Ohio earning an annual salary of \$9,487.09. A handwritten note in the records of the Credit Bureau listed the additional address of [redacted] Virginia, for WILLIAM E. [redacted] The report contained no further background information, and indicated [redacted] its were [redacted]

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The records of the Credit Bureau dated March 13, 1961, show JAMES T. [redacted] McLean, Virginia, indicating residence at this address for the past two weeks. They had previously resided at [redacted] California, for six months. His employment was listed as Assistant Secretary, USDA, with former employment as Director of Agriculture, Sacramento, California. His salary was estimated at \$20,000 per annum, with a good credit rating, and a banking connection with the Fairfax County Bank, McLean, Virginia. According to this record, he had a former banking connection with the Bank of America, Sacramento, California.

On April 25, 1962, SE [redacted] checked the records of the Metropolitan Police Department, Washington, D. C., finding no record for JACOBS, [redacted] MORRIS or RALPH; at all times an indefinite number of unidentifiable records are out of file and not available for review.

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WFO 87-8242
AJS:kmm

On April 25, 1962, [redacted] advised SA ANDREW J. SHANNON that the files of the FBI, Identification Division, contain no criminal record for WILLIAM E. MORRIS

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On April 26, 1962, [redacted] also advised SA SHANNON that no criminal record was located in the files of the FBI, Identification Division, for JAMES T. RALPH.

The following is the FBI record, number 5 081 401, for EMERY EARL JACOBS:

<u>Contributor Fingerprints</u>	<u>Name and Number</u>	<u>Arrested or Received</u>	<u>Charge</u>	<u>Disposition</u>
PD Alexandria, Va.	EMERY EARLE JACOBS #47-1340-F	5/24/47	1. reck. driv. 2. hit and run 3. fug. Fairfax Co.	1. \$50 fine 2. \$50 fine and 30 susp das.
Agri-I	EMERY EARLE JACOBS #1-1	3/3/48	PMA, Wash., D.C.	
Army	EMERY EARLE JACOBS #33 643 707	7/15/43 Richmond Va		
Army	EMERY EARLE JACOBS #33643707	4/8/44 Fort Geo G. Meade Md		
CSC	EMERY EARL JACOBS #2.23.61.3214	2/20/61		

Admits: Approx. June, 1943, trespassing, Arlington, Va., Police Force, case dism.

Admits: May, 1947, reckless driving, Alexandria, Va., Police Force, paid fine.

WFO 87-8242
AJS:kmm

DESCRIPTION:

Race: White

Sex: Male

Height: 71

Weight: 210

Hair: Red

Eyes: Blue

Build: Heavy

Complexion: Ruddy

Date and place of birth: 1/10/07, Pryor, Okla.

Residence: 6201 31st St., Arlington, Va. in 1961

Agency: Agriculture Commodity Stabilization

Service, Washington, D.C., in 1961

F B I

Date: May 8, 1962

Transmit the following in _____
(Type in plain text or code)Via AIRTEL _____
(Priority or Method of Mailing)

TO: DIRECTOR, FBI

FROM: SAC, SAN ANTONIO (87-5925)

RE: BILLIE SOL ESTES; ET AL
BRIBERY - CONFLICT OF INTEREST

Remvtel 5/8/62 concerning request of [redacted]
[redacted] to check all incoming and outgoing
long distance phone calls charged to ESTES.

As set out in retel, this request was initially submitted to a Resident Agent in Austin, Texas, and was discussed by SAC with [redacted] telephonically to clarify the scope of his request. He was asked specifically as to the telephones he wanted checked and he said he wanted only the home telephone of subject ESTES checked, stating he did not know the number but it would be the number used in Pecos, Texas, and the records would be maintained by the Mountain States Telephone Company.

I asked him if this request involved the various companies with which ESTES was affiliated and he replied this request involved only the home phone number and he was particularly interested in the dates January 14, February 17, 18, and 24, 1962. I pointed out to [redacted] that his original request was for 1961 and he said this was not correct and he now wanted those dates in 1962 checked. He added that the check of ESTES' home phone number should include all long distance calls received from Dr. RALPHS or charged to ESTES' home phone number by Dr. RALPHS from RALPHS' home phone in McLean, Virginia.

3 Bureau
1 San Antonio
ECW:JMW
(4)

DEPT. OF JUSTICE

REC-104

MAY 9 1962

Approved: _____

Sent _____

M

Per _____

7 MAY 11 1962

Special Agent in Charge

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SA 87-5925

[redacted] advised that of immediate importance would be the calls on the dates listed above, however, he wanted all such calls charged to ESTES' home phone number checked from January 1961 to date.

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The above is submitted for Bureau's information.